

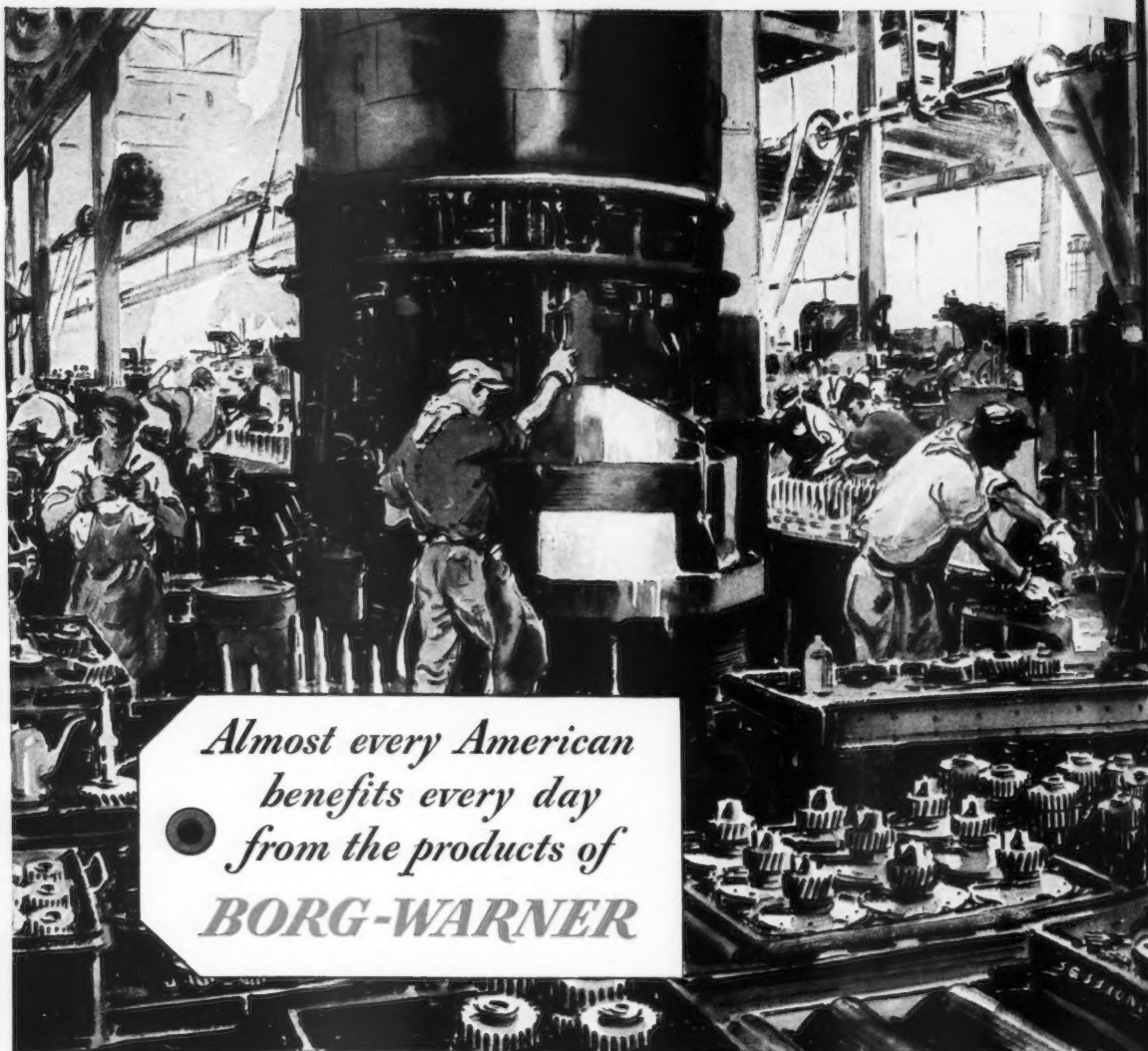
BANKING



Rehabilitation: A Victory Loan Goal (page 94)

THE PROSPECT FOR LIVELY BANKING HISTORY

RAYMOND MOLEY



*Almost every American
benefits every day
from the products of
BORG-WARNER*

GEARING FOR PEACE as painted by James Sessions at Warner Gear in Muncie, Indiana. From the inception of the first "horseless carriage", this great Borg-Warner plant has consistently been the leader in the mass production of gear assemblies for the automotive industry. During the war, it was one of the largest producers of transmissions for all types of motorized military vehicles.

Makers of essential operating parts for the automotive, aviation, marine and farm implement industries, and of Norge home appliances.

The Warner Gear Division, although the world's largest independent producer of transmissions, is only one of three great Borg-Warner units making gear assemblies.

There are many fields in which Borg-Warner products benefit almost every American every day. In fact, Borg-Warner products are found on 9 out of 10 farms, in 9 out

of 10 airplanes as well as in 9 out of 10 makes of automobiles. And Norge refrigerators, ranges and washing machines make the homes of millions more efficient and livable.

All of which illustrates how Borg-Warner's guiding principle, "Design it better, make it better" works in many ways to bring you ever better products at ever lower costs.



These units form Borg-Warner: BORG & BECK • BORG-WARNER INTERNATIONAL • BORG WARNER SERVICE PARTS • B-W SUPERCHARGERS, INC. • CALUMET STEEL • DETROIT GEAR • DETROIT VAPOR STOVE • INGERSOLL STEEL & DISC • LONG MANUFACTURING • MARBON • MARVEL-SCHLEBLER CARBURETER • MECHANICS UNIVERSAL JOINT • MORSE CHAIN • NORGE • NORGE MACHINE PRODUCTS • PESCO PRODUCTS • ROCKFORD CLUTCH • SPRING DIVISION • WARNER AUTOMOTIVE PARTS • WARNER GEAR

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Just a Minute

BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

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Victory Loan and Veterans

THE cover picture this month is dedicated to the war veterans and to the Victory Loan Drive which is to provide, among other things, funds for their rehabilitation.

The scene is in Kennedy General Hospital, Memphis, where the Union Planters National Bank and Trust Company of that city maintains a complete banking facility for patients and staff. There are more pictures of both hospital and facility on page 94.

A.B.A. Issue

WHAT a year! V-E Day . . . V-J Day . . . reconversion . . . partial demobilization . . . veteran rehabilitation . . . release of materials and facilities for making consumer goods . . . Bretton Woods . . . war loans . . . and all the usual functionings of banks in an economy that was heading back to the pursuits of peace.

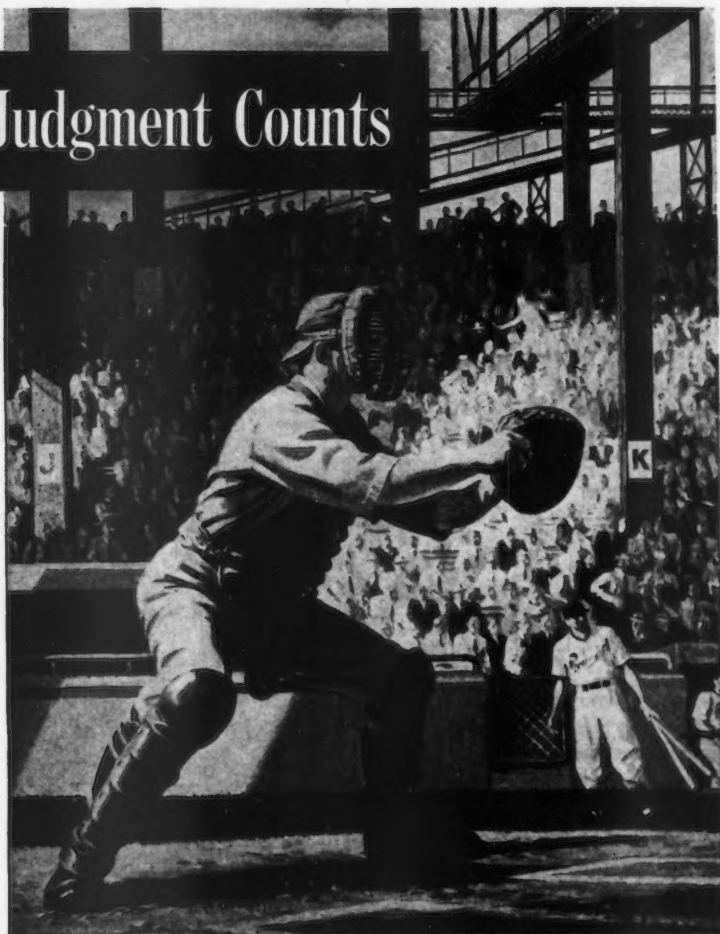
It was a busy time for banks, that twelvemonth between September 1, 1944 and September 1, 1945, the span of the American Bankers Association year . . . and a busy time for the A.B.A., naturally. Loans for small business, veterans' aid, war loan drives, the international bank and monetary stabilization discussions, preparations for the expected boom in consumer credit and for the resumption of building (to mention only a few Association jobs), were

(CONTINUED ON PAGE 3)

BANKING — Published monthly by the American Bankers Association, 22 East 40th Street, New York 16, N. Y., U. S. A. — \$3.00 per year.

Volume XXXVIII, No. 4. Copyright 1945, American Bankers Association, Harold Stonier, Executive Manager. William R. Kuhns, Editor. Assistant Editors, John L. Cooley, Mary B. Leach. Editorial Assistant, Beatrice A. Frear. John J. Rooney, Business Manager. Field Representatives: Prentiss Jackson, Jr., Eastern Advertising Manager; Richard F. Lyon, Eastern Representative, 22 E. 40th St., New York City; Robert W. Kneebone, Western Manager; John J. McCann, Western Advertising Representative, at 105 West Adams Street, Chicago 3, Ill.; Stanley Herd, Los Angeles, Cal. Washington office, 719 Fifteenth Street, N. W.; Circulation Manager, Robert J. Stiehl. Subscriptions: \$3 yearly; Canada, \$3.50; foreign, \$4.00; single copies, 25 cents. Entered as second-class matter May 5, 1909, at the Post Office at New York, N. Y., under the Act of March 3, 1879. Additional entry at Concord, N. H. With the exception of official Association announcements, the American Bankers Association disclaims responsibility for opinions expressed and statements made in articles published in this Journal.

Where Judgment Counts



Catchers have to use their heads as well as their hands. » » The man behind the home plate is in on every play. It's up to him to outguess the batter in terms of his pitcher's strength and weakness. » » At all times he must be mentally ready for split-second decisions...when to throw to second or third...when to take a chance on blocking a runner at the plate. » » And though he plays baseball's most hazardous position fear does not impair his judgment—for he's

PROTECTED against foul tips and flying spikes. » » Executives in business and banking value LA MONTE Safety Paper for somewhat similar reasons. » » The use of this product in safeguarding checks against alteration and counterfeiting removes unnecessary doubts and anxiety over the safety of funds in transit. And so effectively that LA MONTE Safety Paper has for decades been recognized as the *Standard of Safety* in the field of check protection.

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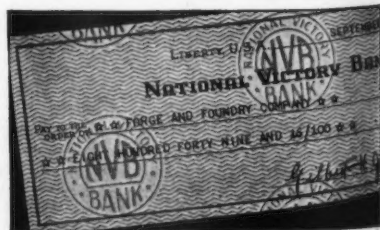
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NUTLEY, NEW JERSEY



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JUST A MINUTE—Continued

carried forward, together with the usual operations of the A.B.A.'s many units.

And so, by way of an informal and admittedly incomplete summary of the future promised by this eventful year, we offer this A.B.A. issue of the magazine.

Mr. Moley Takes a Look

WE ASKED RAYMOND MOLEY, the noted economist, publicist and writer, to have a look at the Association's work, as reflected in the reports made by the heads of the various councils, commissions, committees, and divisions to the Administrative Committee meeting in New York late last month. This meeting, by necessity, replaced the 1945 convention.

Mr. MOLEY's viewpoint is that of a keen non-banker who is thoroughly familiar with the day's big problems as they affect banks. His reactions to what is being done by the many bankers who carry along A.B.A. activities provide a fresh evaluation. It will, we predict, attract wide attention, in and out of banking.

On subsequent pages you will find summaries of the reports made to the Administrative Committee by the various A.B.A. group heads. They tell not only of a job done, but in many instances point the way to the job ahead.

And that's a big job, too!

Customers, Today and Tomorrow

LAST MONTH LEW GORDON, vice-president of the Citizens & Southern National Bank in Georgia, pictured the selling job that goes with reaching the hundred million Americans who are actual or potential customers of banks.

In this issue Mr. GORDON discusses tested methods of selling bank service.

Is Your Bank Art-Conditioned?

QUITE possibly it is—many banks are, these days. After all, why not?

The idea has possibilities which you will find fully explored in the article by DORCAS CAMPBELL of New York's East River Savings Bank. Miss CAMPBELL reports that the trend toward art in banks "is gaining momentum rapidly; banks quietly acquire fine pieces of art, they create and operate museums to house memorabilia, or sponsor exhibits of contemporary and historic art."

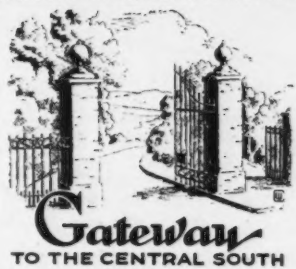
Examining in some detail this growing art interest, Miss CAMPBELL tells what numerous banks have done. There is great variety: murals, famous paintings, displays of photographs, portraits, Americana collections, and loan exhibitions obtained from businesses or from museums. The museums are excellent and accessible sources of art exhibits, and our author lists some that lend pictures, prints, drawings, etc.

Art helps make a bank friendly, neighborly and a pleasanter place to work. It creates goodwill and is therefore good public relations.

And remember, you don't have to start with Rembrandts. Art that will complement bank architecture is endlessly varied, says Miss CAMPBELL. "It encompasses a range fitted to all styles of architecture. Taste, appropriate selection for a particular setting and the expense account may limit choice, but art is expansive—and it need not be expensive."

G.B.S.—Yes, We Mean G.B.S.

HERBERT BRATTER, BANKING's surveyor of the Washington scene, went



• When you think of the Central South, think of Nashville, a key Federal Reserve City.

• When you think of Nashville, think of the American National Bank, a banking gateway to the Central South with exceptional facilities and a desire to serve you in your best interest.

SINCE 1883
AMERICAN NATIONAL BANK
NASHVILLE

CAPITAL FUNDS OVER \$200 MILLION DOLLARS
MEMBER FEDERAL RESERVE SYSTEM

80th ANNIVERSARY



LINCOLN AT GETTYSBURG

• It was four score years ago that Millers National Insurance Company received its charter. The year was 1865. Less than two years before, Abraham Lincoln had stood in the new national cemetery at Gettysburg, Pa., and quietly delivered the immortal address which begins, "Four score and seven years ago . . ."

Illinois Fire was founded in 1876. Next time specify one of these established, time-tested fire companies.

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Insurance Company

HOME OFFICE: CHICAGO

"It was *your* idea to foreclose on the circus!"





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- First permanent bank west of the Great Lakes
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- First bank to assist in financing foreign trade of Canada
- First banker for the Government of Canada

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"Was it right to deduct for the wheelbarrow I bought to transport it?"

abroad this Summer. While in London he tried to do what numberless other journalists have attempted—get a story from George Bernard Shaw. Something for BANKING, of course.

But don't elevate your hopes. What HERB got was this letter:

Dear Mr. Bratter:

The chapter on banking in my last book, "Everybody's Political What's What," contains all I have to say on the subject. I could expatiate on the case for municipal banks and the nationalization of banks, as well as the absurdity of the measure announced by the Government, but such an article might not please the owners of the paper and damage you for suggesting it.

(Apparently Herb had said something about Japan to G.B.S., for this paragraph follows:)

I was very well treated everywhere in Japan, and in Osaka especially. My cicerone there left a pleasantly friendly impression on me. No doubt he was Mr. Yoshida; but I have forgotten his name—if I ever knew it.

Faithfully,
G. BERNARD SHAW.

Bank Service Aweigh

BILL McEACHERN, president of the First National Bank of Fort Lauderdale, Florida, told this story of extra bank service to a Navy man:

After long duty in the Pacific a petty officer came ashore in San Francisco with well over a thousand dollars in his pocket. It was too late to go to a bank so he arranged with the hotel clerk to put the money in a safe deposit box at the hotel.

He was called early in the morning with the report that there was a place on a plane for him if he got to the airfield right away. When he called at the hotel desk for his money he couldn't find the box key and didn't know the number. The clerk on duty couldn't get in touch with the one who had rented the box, so no money was available.

(CONTINUED ON PAGE 6)



As American Business Sends Peacetime Goods Abroad

American business faces the greatest potential foreign demand in history for post-war reconstruction materials. To take advantage of this opportunity, intelligent planning *now* is necessary.

WHAT WILL BE MOST NEEDED?

WHAT ARE THE CREDIT RISKS INVOLVED?

Only information gathered from authoritative sources can provide dependable answers. Through its branches and correspondents abroad, The Chase is in a position to supply just such information. These facilities which are always at the disposal of our domestic correspondent banks provide a valuable service for their own customers.

THE CHASE NATIONAL BANK

OF THE CITY OF NEW YORK

Member Federal Deposit Insurance Corporation

Produce...

FASTER—EASIER

Management will soon face the problem of maintaining high level "take home pay" for the shorter work week. If unit costs are to be kept down a new type of "speed-up" is called for, with emphasis on how to produce easier rather than faster.

Whether we are responsible for the flow of checks thru a bank, or jobs thru a factory, our task will be to simplify and streamline each operation so that the work is done with a minimum amount of effort. We must provide tools, methods, surroundings and working accessories so perfect that more and better performance can be obtained—easier.

So, in the case of bank checks, the printed name of the customer is easier to read than his signature. As these imprinted checks pass thru the hands of operating people they will be sorted and filed more swiftly, more accurately—easier.

Whether you wish to sell Personalized Checks to those of your customers who prefer individuality and who are willing to pay the small cost, or whether you want to make them available to everyone, DeLuxe has a package that will meet your needs. Whether you want one order of 200 checks for \$1.25, or one thousand such orders, DeLuxe would like to handle the assignment.

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CHECK PRINTERS
Since 1913

Manufacturing Plants at:

NEW YORK, CLEVELAND, CHICAGO, KANSAS CITY, ST. PAUL

Where was the First U. S. Electric Street Railway Located?

The first commercially operated electric streetcars were those of the Baltimore and Hampden Line which began service on August, 10, 1885, . . . Today, Baltimore is one of the Nation's key industrial centers and the Equitable Trust Company is one of its busiest banks. By keeping constantly abreast of conditions in this important industrial area, the Equitable Trust Company is able to serve "out-of-town" banks quickly, intelligently, thoroughly. We invite your inquiry.



Equitable Trust Co.
Member Federal Deposit Insurance Corporation
Baltimore

JUST A MINUTE—Continued

The Navy man took the plane and by the time he arrived in Dallas had found the key and the number. He wired to the hotel manager asking how he could get the money. The manager said to send the key and he would open the box, but a friend on the plane advised the P.O. that he would be entirely without protection and that it would be better not to send the key.

At Fort Lauderdale the Navy traveler told BILL MCEACHERN the story and BILL got in touch with his San Francisco correspondent. The key was sent air mail to the correspondent bank with the authorization to open the box. By return air mail the bank sent a draft for the full amount.

There was a lot more to the story because there was a girl waiting, and it was all very important, but we've stuck to the bank angle.

"Checking Account Fees"

A COUPLE of months ago BANKING invited suggestions for a better name for services. Here's one from WILLIAM E. DINGMAN, executive vice-president of the Bank of Hamtramck, Michigan:

"I suggest 'checking account fees' or 'checking account charges.' I think I would consider 'checking account fees' to be preferable and that this term would be more readily understood than 'checking account charges.' I believe that the terms 'service charges,' 'activity charges,' etc., are confusing to the bank customer and require considerable explanation, whereas 'checking account fees' is descriptive and direct."

How Carefully Do You Read?

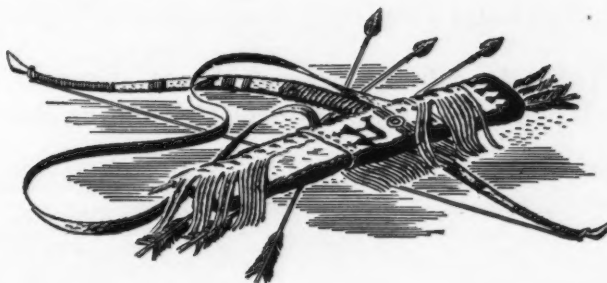
PERHAPS the question should read: "How carefully do we edit?" Anyway,
(CONTINUED ON PAGE 11)

"Have you change for a nickel?"



BANKING

Bows and Arrows would never have beaten a panzer division



How can business battles be won with bow-and-arrow equipment?



You gave the men and women, now returning from the services, the finest equipment the world ever saw—and they won the war.

Peacetime equipment has improved just as much as have war weapons, and modern machines are equally essential to win the battles of peace. *And returning veterans know how to use these new business weapons.*

They have been using Addressograph-Multigraph equipment to handle Army and Navy payrolls, shipping documents, personnel records, production orders, stock records, purchasing, invoicing, for "dog tags," and in scores of other jobs—and

they have seen their new equipment cut out waste motion, eliminate errors, get the work out faster, improve efficiency at every step.

These are the same jobs you have in business. The same new equipment can give you the same important savings. Veterans want and deserve it, for they know it helps them produce more and so be worth more to you. You and they *both* benefit.

Orders can be scheduled now for delivery. Telephone our local office or write Addressograph-Multigraph Corporation, Cleveland 17, Ohio. Sales Agencies with service and supply departments in principal cities of the world.

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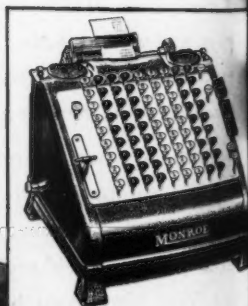
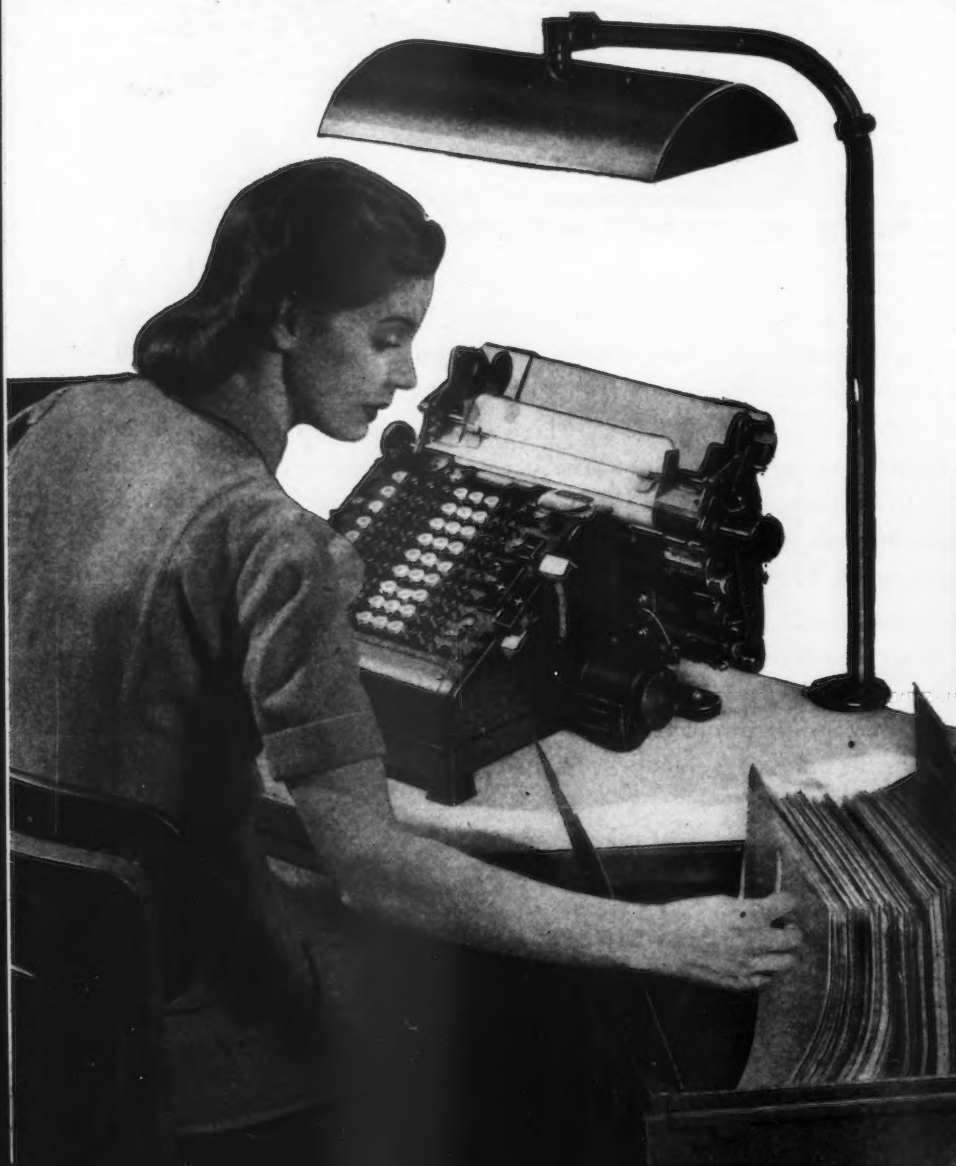
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Through Monroe's exclusive "Proof-Pay," the De Lay National Bank has changed from the Dual Run Plan to Single Run, still retaining all the safety of the Dual Run Plan.

This one Monroe Machine was designed to do all three of the major bank accounting jobs—Commercial Posting, Deposit Proof, Savings Posting—with greater speed, ease and simplicity.

For full details, call the nearest Monroe Branch. Ask for illustrated booklet, "Three Machines in One." Monroe Calculating Machine Co., Inc., Orange, N. J.



Monroe Adding-Listing Machine. Available with narrow or wide carriage, single register or grand total. Direct plus and minus bars, "Velvet Touch" action, live operating keys.

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Monroe Calculating Machine Co., Inc.
474 Aquila Court Bldg.
Omaha, Nebraska.

August 17, 1945.

Gentlemen:

We have been using a Monroe Bookkeeping Machine for the past eight years on our regular ledger and statement posting. A second Monroe has been in use for three years on our liability ledger and transit letter work. I am very much pleased to report that they have been very satisfactory in every way and that the service rendered has been excellent.

Three of the newest Monroe automatic bank posters have been purchased recently and were installed about three months ago. With these we have changed our system to unit posting, making the ledger and statement in a single run. This includes the Proof Pay posting, which gives us a quick positive check for returns, eliminates many changes and corrections in the ledger posting, making it a clean run and at the same time gives a complete dual proof of every posted entry. This operation is proving highly satisfactory, giving splendid results and saving much time. It has made it possible to handle our bookkeeping department with one less operator.

This is a bank with over \$6,000,000 footings, serving a large city and country business with very heavy activity. We pioneered Monroe bank machines in this state and it is a pleasure to say that the Monroe Company and their equipment are doing a nice job of taking care of our bookkeeping requirements.

Yours very truly,

J. J. Delay,
President.

Some distinctive advantages

Monroe Minus Bar—makes possible instant correction in any register or position on the form.

"Velvet Touch" Operation—speeds, simplifies and makes the work easier for the bookkeeper.

Fast Insertion of Forms—a remarkably simple carriage, engineered for easy, fast, exact insertion of forms.

Gliding Carriage Tabulation—Reduces noise and vibration to a minimum.

Fully Visible Carriage—all posted amounts are visible at all times.

Automatic Balances and Totals—all balances and all vertical totals are automatic.

High Speed—Monroe Bookkeeping Machines cycle and print as fast as Monroe Adding Machines.

Compact Size—through fine engineering and metallurgy unnecessary weight and size have been eliminated.

"Unitized" Operation—machine, desk, light, tray and chair positioned for maximum efficiency.

Programs Changed Instantly—in a few seconds you can program this machine for Commercial Posting, Proof Pay, Deposit Proof or Savings.

A Unique Adding Machine—instantly converted to an adding machine unique in that it produces automatic group and grand totals.



Monroe Calculating Machines have been standard equipment in banks for a generation. The same excellence of construction and dependability that have won universal acceptance are built into Monroe Adding and Monroe Bookkeeping machines.

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SKILL TO DO...

Comes of Doing



IN OFFERING a program of assistance and cooperation to correspondent banks, the Philadelphia National believes its broad experience in participation with other banks in loans to local enterprises particularly valuable at present.

Since "skill to do comes of doing" our experience, covering many industries, enables us to offer practical cooperation with correspondent banks, not only with local loans, but particularly in the participation in contract termination and reconversion loans. These services are supplemented by our ability to obtain credit information of unusual accuracy and timeliness.

We will be pleased to explain just how our experience and ability to work with correspondent banks can be of definite value to your institution. Your inquiries are invited.

THE PHILADELPHIA NATIONAL BANK

PHILADELPHIA 1, PA. ★ ORGANIZED 1803

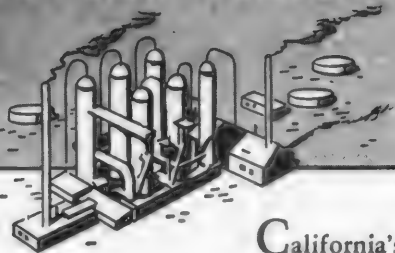
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Richmond is the oil refining center of San Francisco Bay...



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Richmond shipyard labor established a record of 51% greater efficiency than the national average.



Richmond's year 'round climate averages 58° F. . . . 1/10 of a degree more than the perfect working average.

It will pay you to write for this free book! Plan your peacetime operations on the basis of facts. "Richmond Wins the Peace" is a 36-page book, about an amazing industrial city. Write on your business letterhead.

RICHMOND CHAMBER OF COMMERCE
DEPT. 101 • RICHMOND, CALIFORNIA



Richmond, California

**Largest tonnage port
on San Francisco Bay**



**Largest industrial area
on San Francisco Bay**

By the Way

If a man wants to borrow trouble, he never needs collateral.

We suggest that some of these new stratosphere planes be sent up to see if they can locate the cost of living.

It probably won't be long until President Truman realizes that uneasy lies the head that has a hat in the ring.

A wise husband remembers his wife's birthday but forgets which one it is.

Ulcers are said to be the occupational disease of radio announcers. We wonder what affliction is reserved for the theme song writers.

It may be possible to save civilization, but it would almost be cheaper to let it go.

When a movie actress writes the story of her life, she begins with Chapter I.

The modern city consists of a large number of men and women engaged in a united effort to avoid being hit by an automobile.

America may spend more money on chewing gum than on books, but judging from some best sellers that doesn't necessarily mean we have bad judgment.

Looking ahead to 1946 as an election year, we think a tax reduction would fit in very nicely.

The American dollar is one currency that talks all languages.

There's one fact we've overlooked on those movies that are not fit for children to see. If the kids are seeing a double feature, they grow up while its going on.

We'll never have a labor government in this country until government jobs carry salaries equal to those earned by union officials.

With the high prices of construction a man is going to have to raise a family of bricklayers and carpenters in order to build his own home.

Sometimes when we look at the morning headlines, we're not sure that the fellow who can't read is missing so much.

We never have been quite sure as to which are nuisance taxes and which aren't.



Lights flash to Green on big consumer credit "buy-way"!

Watch for heavy traffic on the great consumer "buy-way"—almost immediately. Through the War, people all over the country have been waiting to buy new cars, as well as new homes, new home appliances and furnishings. The day they've waited for is practically here! In Detroit alone, plans are laid to produce 6,000,000 autos annually to supply the demand.

A recent survey shows that 737,000 of

State Farm Mutual's 1,100,000 preferred-risk policyholders want to buy cars right away. Most of these will be financed. For months, State Farm's 6,000 agents have been directing their policyholders to local cooperating banks for credit.

Is your bank ready for this tremendous new business? You can get your share—if you're prepared. Hurry! Read how *your* bank can profit!

NEW "BUY-WAY" LEADS TO PROFITABLE NEW BUSINESS FOR BANKS! STATE FARM POLICYHOLDERS WANT 737,000 CARS!

FINAL EDITION

6 Million Autos Annually Predicted for Detroit Area!

A postwar survey in the Detroit metropolitan area reveals that a record production of 6,000,000 autos a year can be expected after reconversion, with a minimum of unemployment.

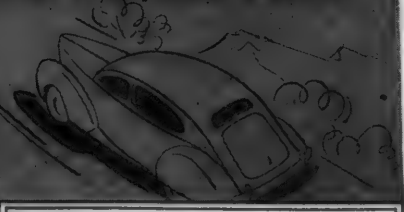
This compares with a previous high of 5,000,000 vehicles an average of 3,500,000 years.

The survey anticipates 1,000,000 Rep. 7,000 of T.

the survey indicates that reconversion, on an average three and

Newest Goal 500,000 Cars by Year's End

Lifting of auto restrictions will bring half a million new passenger cars onto the market this year, it was estimated today by motor experts. Automobile manufacturers have been putting long-range conversion programs into effect with the greatest of dispatch. 6,000,000 cars




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OUR National Advertising Promotes YOUR Bank!

Every national State Farm ad says to America's car buyers, "See your local banker *before* you finance your next car." The new plan book, "New Profit Opportunities for Banks," tells how you, as a banker, can benefit. It's packed with information that will be of value to you in the very near future. There's no obligation. Simply clip and mail the coupon to State Farm Mutual, the world's largest auto insurance company.

CLIP NOW!...MAIL TODAY!

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Bloomington, Illinois

Gentlemen:

Please send us, without obligation, your FREE booklet, "New Profit Opportunities for Banks," explaining the State Farm Bank Plan, and including the results of your recent survey of your policyholders' postwar buying plans.

Name.....

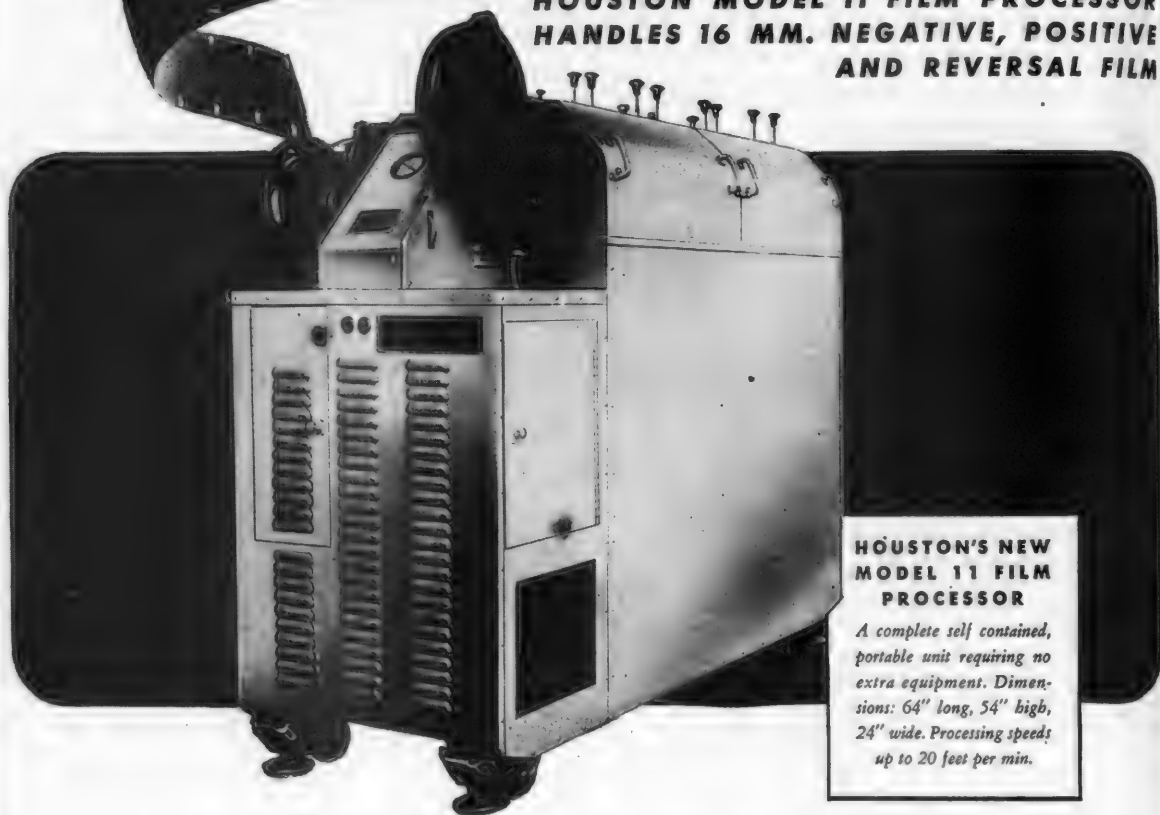
(Bank)

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*A complete self contained,
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To the many banks and banking institutions using microfilm and to those about to begin, Houston's New Model 11 processing machine for 16 mm. film solves a major problem. It is now possible for every bank to process its own microfilm within its own walls with minimum expense and maximum speed, accuracy and privacy. Houston's New Model 11 Film Processor has eliminated the necessity of sending microfilm to outside concerns for processing with its attendant delays in transit, possible damage or loss, and "service station" charges.

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These elevators were changed over to Otis Peak Period Control and now only five elevators are required to handle the traffic during the morning, noon, and evening peaks. For the normal traffic requirements only four elevators are required.

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Partial view of 1st Floor lobby showing elevator entrances.



Partial view of the Penthouse Machine Room after Otis Modernization.





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How Guam Got Its Bank Back

LT. RICHARD H. HUGHES

Lieutenant RICHARD H. HUGHES, (SC) USNR, is a New York CPA who served as chief accountant, Foreign Funds Control Division of the U. S. Treasury Department for two years before entering on active duty with the Naval Reserve, and is recognized as an expert on corporate foreign trade accounting. His previous banking experience has been in the auditing of several small banks in the New York area. He is now assigned as comptroller of The Bank of Guam and acts as secretary to the board of managers of that institution.

ON THE Island of Guam, 5,053 nautical miles southwest from San Francisco, more than a million dollars a day is handled by officers of the U. S. Navy in The Bank of Guam. That bank, first established in 1915, has risen, literally, like a phoenix from its own ashes, through the combined efforts of the Treasury and the Navy departments. The story of this revival cannot yet be told completely, but some of the problems that we met presented an exercise in banking imagination which may prove interesting.

In March 1942 we had only the transcripts of two bank accounts with correspondents and a list of government securities which were being held in safe-keeping in San Francisco. In March 1945, when the bank reopened for business, most of the assets had been located, payments were being made on pre-war liabilities, and customers of the bank were able to expect the same banking services which they had enjoyed before the war.

Our first step, back in 1942, was to locate all the assets and liabilities of which people in the United States had knowledge. We worked in close cooperation with the foreign department of the Wells Fargo Bank and Union Trust Company, through whom a great deal of import financing for the account of Guam merchants had been handled. It was found that cargoes consigned to Guam at the outbreak of the war had been unloaded at San Francisco and in Australia, and Wells Fargo assumed the task of identifying these cargoes and filing claims with the appropriate parties. These collections are still in process, but the procedures have been established and eventual recovery is expected.

Our next problem was to locate accounts with other banks. After much digging in the files we discovered a list of the bank's correspondents in New York, Shanghai, Hawaii, Manila and Yokohama. Where possible we circularized them and obtained answers from New York and Hawaii, the others being accessible only by submarine at that time. Taking the bank statements and canceled checks which had not been returned to Guam because of the failure of postal service we were able to reconstruct something of the bank's pre-war activities. Where more than two or three drafts to the order of the same institution appeared, we made a special call and requested them to trace the facts underlying the issuance of the draft, so far as they could. In several instances we found that they were payments of collection items and were able

then to obtain lists of similar items which were still open on the books.

One set of bank drafts, payable to the American Express Company, enabled us to trace the source of travelers' checks sold by The Bank of Guam and to obtain a list of the numbers of the checks on hand at war's outbreak.

From back issues of periodicals and from previous reports in the files of the Navy we reconstructed the trend of the bank's growth and obtained lists of the services rendered by the bank as well as names of probable customers, using advertisements as the key. Then we turned to individuals and by a stroke of good fortune located the officer who had been in charge of the bank until October 1941. He had been detached from that duty only seven weeks before the war broke out, so he was in possession of what, to us, was really recent information as to the number of depositors, the average size of the accounts, daily volume of business, and other information necessary for setting up a new bank.

THEN we got a break — American liberating forces reported that the bank had not been touched by the Japanese and sent us a trial balance of the bank's general ledger at the close of the last day of business, December 6, 1941. Later questioning revealed that the Japanese had directed that the last day's business be posted about a month after they captured the island. What was more, our note portfolio was practically intact and almost all of the depositors' ledgers were in perfect shape.

Then came the big job — getting ready to reopen. Did you ever stop to think how many kinds of printed forms a bank uses and how many it might be able to get along without if necessity arose? Or how many bookkeeping machines are necessary to post an undetermined number of accounts when operated by persons of unknown skill? Or how much currency and coin in what denominations should be on hand when a closed bank reopened in a town whose present population was unknown? We called in printers from the banking field and ordered according to their judgment. We snatched a vault door from Norfolk, two bookkeeping machines from an assembly line in Detroit,

(CONTINUED ON PAGE 22)



The Bank of Guam open for business. Teller Jose Perez at center window

LEATHERNECK MAGAZINE PHOTOS

5 Timely CCH Topical Law Reports

**LABOR LAW
REPORTS**

COMMERCE CLEARING
PUBLISHERS OF TOPIC
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NUMBER 25

NWLB POLICY FOR SETTLEMENT
to encourage the settlement
by collective bargaining

NWLB POLICY FOR SETTLEMENT
In an effort to encourage the settlement of pending labor disputes by collective bargaining in the light of the Government's new wage policy, the Board has issued instructions to Regional Boards, Industrial Commissions and Panels with regard to pending cases in which the Government is a party.

GOVERNMENT CONTRACTS

REPORT NO. 212

COSTS IN TERMINATION S

COSTS IN TERMINATION
Six new termination cost memorandum of Contract Settlement, through Regulation No. 14. The new memorandum in termination settlements:
No. 10: Engineering and development expenses.
No. 11: Settlement expenses of property.
No. 12: Depreciation and advertising expenses.

RECONVERSION
BUSINESS CONTROL
LAW REPORTS

COMMERCE CLEARING HOUSE, INC.
 PUBLISHERS OF TOPICAL LAW REPORTS
 CHICAGO 1
 WASHINGTON 4
 NEW YORK 1
 MAY 2, 1964

NUMBER 1

This is the first report for the Reconversion Business Control, Law Reporter shipped to you last week. Current reconversion action previously summarized in CCH Dispatches appears in full text in this report. File this Report No. 1 in the Reconversion Business Control folder in accordance with the filing instructions below.

RECONVERSION

SURPLUS DISPOSAL LAW REPORTS

COMMERCE CLEARING HOUSE, INC.
CHICAGO 1 NEW YORK 1 WASHINGTON 4
NUMBER 45

NUMBER 45

SEPTEMBER 4, 1943

SURPLUS PROPERTY ACT AMENDMENTS

Art Symington, Chairman of the Surplus Property Board, hearings on the Surplus Property Act amendments, before the Committee on Expenditures in the Executive Department, in which he said that all the members of the board recommend to Congress that a single administrator manage board liquidations are that the Administrator of the Senate Military Affairs Committee will submit the committee meets on September 4.

CONDITIONAL SALE
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REPORT NO. 134

REPORTS
WASHINGTON

[illegible]

UTEL MORTGAGES IN PENNSYLVANIA

...subject to and
...provisions
...to mortgages
...farm machinery
Act No. 434, Penn-
sylvania Acts 1945, which has brought about
this change in the law, is reported in full
text at § 882-886-12 of the "Pennsylvania"
division, Volume 2. A revised chattel mort-
gage treatise for Pennsylvania is also issued
with this report, to reflect all changes made
by the 1945 Act.

AND FILING INSTRUCTIONS
refer to the "Last Report Letter"
that the last preceding

INSTRUCTIONS
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of the last preceding report has been filed.
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Remove
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A Dining-Living Room with Walls Paneled as Shown in Diagram Below

No. 8 of a Series

Many and varied are the wall design treatments made possible through the use of durable Douglas fir plywood. The attractive living-dining room above is one architect's conception of the design suggestion detailed at the right—a three-

should be used at top and bottom of windows and at top of doors as shown in Figures A, C and G. If the width of door or window is more than four feet, however, do not hesitate to place the panels horizontally as in Figures B and E.

Combinations of vertical and horizontal arrangements are used in the same room with pleasing effect.

Where special patterns or patterns made up of small panels are

desired, the recommended method is to sheath with 5/16" or 3/8" Plyscord placed horizontally, then apply the finish panels (Plypanel or Plywall). For additional technical data, see Sweet's File for Architects or write the Douglas Fir Plywood Association.

Many fine modern rooms use beautiful Douglas Fir Plywood for walls and ceilings

panel treatment with the large, light, kick-proof plywood panels applied horizontally.

Several basic principles serve as guides in planning walls of Douglas fir plywood. Always start at the openings with vertical joints and divide the plain wall spaces in an orderly pattern for the most pleasing effect. Vertical joints

CAN PLYWOOD BE SPECIFIED NOW FOR POSTWAR USES?

The increased capacity of the industry will make MORE Douglas fir plywood available for civilian consumption THAN EVER BEFORE, as soon as the needs of the armed services lessen or war restrictions are lifted. There will be no reconversion delays; the same types and grades of Douglas fir plywood that are now being made can flow immediately into peacetime building and construction.



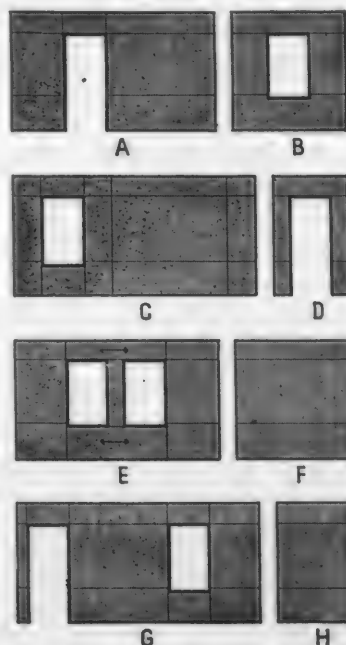
DOUGLAS FIR PLYWOOD ASSOCIATION

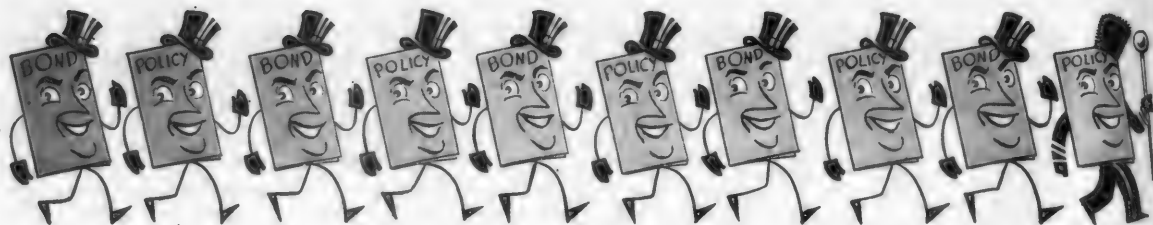
Tacoma 2, Washington



There are three grades of Douglas fir plywood panels made especially for various phases of wall construction. PLYWALL is made especially for standard wallboard use; PLYPANEL is a premium panel used for quality interior work; PLYSCORD is a utility panel made for wall and roof sheathing.

Simple Suggestions For An Attractive Wall Design With Plywood





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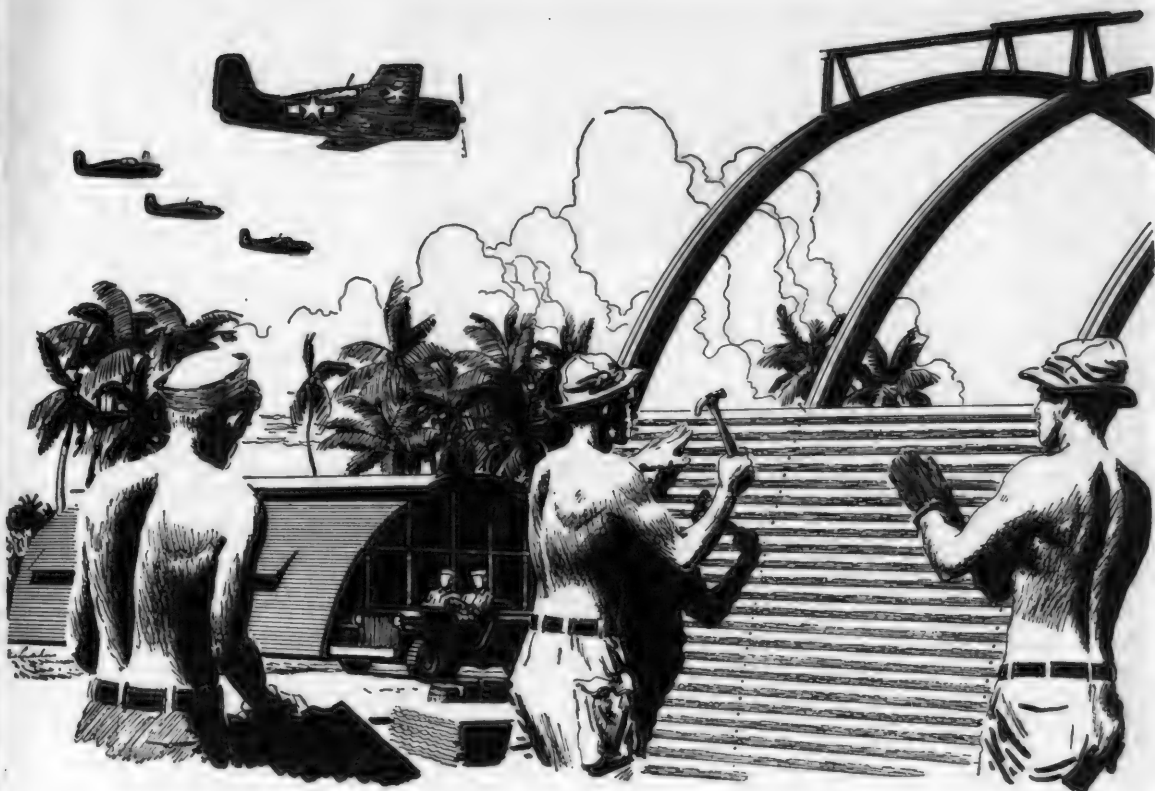
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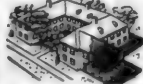
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FARM BUILDINGS



COMMERCIAL AND INDUSTRIAL BUILDINGS



FRAMING FOR MULTIPLE DWELLINGS



Give more than a passing glance to this scene. You're watching history in the making . . . in more ways than one.

History . . . because every "Quonset" erected by the Seabees is a milestone on the road to Tokyo—a symbol in steel of progress in the Pacific. The strategic islands wrested from Japan are dotted with these great all-purpose buildings, produced in the tens of thousands by Great Lakes Steel Corporation to keep pace with the rising tide of American conquest.

History . . . because the lightweight, efficient Stran-Steel framing these Seabees are nailing to is the harbinger of a new era of building, with a peacetime

promise to match its wartime accomplishment. Stran-Steel is a fast, easy, economical material to use, featuring studs and joists with a patented *nailing groove* for attaching collateral materials by ordinary hammer-and-nail methods. It is uniform in strength and quality, with none of the flaws, weak spots or physical variations that are encountered in other framing materials. It is fire-safe, permanent, rigid . . . resistant to warp, sag and rot. It is adaptable to many types of construction — houses, farm buildings, stores, apartments, industrial structures and packaged buildings.

Yes, tomorrow's greatest building values, like today's great "Quonset" buildings, will be framed in versatile Stran-Steel.

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HOW GUAM GOT ITS BANK BACK—Continued

a coin-counter from the manufacturer in New York and ordered them packed for export. From Navy stocks we assembled a Quonset hut, an electric generator, a jeep, and what seemed like tons of ruled pads, calendars, paper clips and even pins. Ever-present in our mind were the two limiting factors—to take only what we would really need for the first six months of operations and to be sure that we had everything we needed, because shipments of food and ammunition for the Pacific war were mounting and we never knew when we might expect the next shipment.

The naval authorities in the Pacific had requested that the bank be reopened and our allowance lists were ready, but where were we to get the men? We turned to the personnel files and combed them for men with previous banking experience in addition to a specialty in law, accounting or special

The A.I.B. in Guam

Among the trusted personnel of The Bank of Guam is chief civilian assistant and teller Jose Salas Perez, who joined the bank as a messenger in February 1931. Being bright and ambitious, Jose advanced to book-keeper and then to teller, and stayed until the Japanese closed the doors.

Jose Perez is back at his post today, and lost none of his interest in banking during the dark days of occupation. Last Spring he asked Lieutenant (j.g.) Erwin O. Kraft, assistant manager of the bank, how to secure some textbooks from the American Institute of Banking, about which he had read.

Lieutenant Kraft sent an SOS to Passaic County Chapter, which was so impressed with Jose's record and interest it decided to sponsor him as a member of A.I.B., and enrolled him as a chapter member. Jose was immensely proud and pleased by this. He registered first for the course in Fundamentals of Banking.

Censorship has not allowed the details of Jose's experience during the Japanese occupation to be told. But a P.S. to one of Lieutenant Kraft's letters says: "Jose's home was destroyed during the reoccupation and he now lives out in the woods for which there is no mailing address. However, since he is a civilian it is permissible to use our business address."



Eduardo Calvo shows old records of the Bank of Guam to Lt. W. W. Smith, seated

banking operations. It was then that we realized the diversity of the experiences represented among the officers of the Naval Reserve. We found and assigned to duty four officers, all from the Supply Corps, who may be known to some readers of **BANKING**:

Lieutenant Commander William B. Willard, manager and cashier, formerly vice-president of the National Savings and Trust Company in Washington, D. C.

Lieutenant William N. Smith, assistant manager, formerly a teller and bookkeeper with the First National Bank of Bloomsburg, Pennsylvania, more recently with Westinghouse Manufacturing Company.

Lieutenant (j.g.) Erwin O. Kraft, assistant manager, formerly cashier of the Clifton, New Jersey, National Bank.

Ensign Joseph A. Mermis, Jr., assistant manager, once a teller and junior officer with the First National Bank of Hayes, Kansas, and more recently a Treasury agent.

Thanks to the know-how of these officers and to the cooperation of the American Bankers Association and of our correspondent banks, The Bank of Guam today is a flourishing institution serving the natives of Guam and the members of our armed forces in and near that island. We are happy, too, that natives have told us that all through the Japanese occupation they felt sure that Uncle Sam would liberate them, and when The Bank of Guam reopened its doors they knew that he was really back to stay.

Lt. Kraft waiting on native customer



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If you, too, are planning to profit from the unprecedented expansion of the West, *It's An Amazing NEW West* will help you solve your problems.

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Because he is an expert on dispatching and organizing the arrival and departure of freight. His training on these matters makes him invaluable.



YOUR PURCHASING AGENT—

Because on-schedule delivery from suppliers is one of his major responsibilities. He knows the benefits of low inventory—quick turnover—(hand-to-mouth buying). His advice will help save time and money.



YOUR PLANT SUPERINTENDENT—

Because he knows the benefits of having incoming parts and materials delivered when and where needed, eliminating storage and multiple handling. He can help blend transportation into manufacture.



YOUR ARCHITECT—

Because new or improved facilities call for the best and most efficient building and loading dock design. New ideas are being constantly developed. Your architect keeps abreast of these ideas which will benefit you.

And . . . as ex-officio members:



YOUR STATE HIGHWAY COMMISSIONER—

Because his engineers must provide adequate roads and bridges for your traffic. He must be informed on your needs. Your taxes pay for the work of his department.



YOUR STATE LEGISLATORS—

Because they must provide modern laws which will permit adequate roads and the latest type vehicles. You must get the best that modern highway and vehicle engineering will provide. Restrictive legislation can, and often does, penalize your business.

YOUR TRUCK AND TRAILER SALESMEN—

Because they can help you select the proper vehicles. Their lives are spent at this work and they have the combined benefits of the experience of many people. Their aid is invaluable.



YOUR MOTOR TRANSPORT OPERATOR—

If you depend on "for-hire" motor carriers, they really know what good transportation facilities are by first-hand, personal contact. Put them on your transportation team!



⌈ Your business will be materially aided by such a committee. Your reconversion ⌋
⌈ planning should definitely include a "built-in", efficient transportation set-up. ⌋

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For time-saving, work-saving, economical operation a home should be designed and completely equipped for *better living, electrically!*

- It should have automatic heating with air-conditioning, adequate wiring, and proper lighting.
- There should be an All-Electric Kitchen with range, refrigerator, dishwasher, garbage Disposall, clock, exhaust fan, and steel cabinets.
- And an All-Electric Laundry with washer, dryer, ironer, and plenty of hot water from an automatic electric water heater.

Surely housework will be easier, living more efficient in such a completely equipped home. But what has *that* to do with the mortgage?

Efficiency helps protect a banker's investment

Operating expenses and mortgage payments come out of the

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Your Reading

1949 Budgets

POST-WAR FISCAL REQUIREMENTS, FEDERAL, STATE, AND LOCAL. By Lewis H. Kimmel and Associates. The Brookings Institution, 1945. 166 pp. \$2.

THIS study estimates as accurately as possible the magnitude of Federal, state, and local expenditures for the fiscal year 1949. The effects of population growth, increased national income, and changing level of prices have been carefully weighed, and major emphasis has been placed on the influence of government policies on the volume of expenditure.

The Federal peacetime budget is estimated at a probable \$22 billion a year, almost three times the 1940 level of \$8.5 billion. The predicted budget includes greatly increased expenditures for national defense, interest on the public debt, promotion of economic development, and veterans' benefits. Expenditures for general government expenses, governmental business enterprises (net), regulation and protection, and miscellaneous purposes will be about the same as in pre-war, and expenditure for promotion of social welfare will be less because of the assumption of full employment.

States and local governments, it is predicted, will find their expenditures increased roughly one-fourth over the 1940 total of \$9 billion.

Other Books

BUSINESS EXECUTIVE'S GUIDE. By J. K. Lasser. McGraw-Hill Book Company, Inc. 252 pp. \$3. Mr. Lasser outlines the necessary steps in some fundamental matters of organizing, financing, and managing a business. He gives check lists on business problems from setting up, buying, or selling a business, to filing systems and collecting accounts.

TAXABLE INCOME. By Roswell Magill. The Ronald Press Company, 491 pp. \$6. Professor Magill of Columbia University and the New York Bar outlines and criticizes the reasoning and analysis which Federal courts and Congress have followed in answering the question: What is taxable income? He assists in developing a fundamental philosophy of income tax law, "strong enough to stand the strains of the daily accretions of judicial decisions and the annual congressional amendments."

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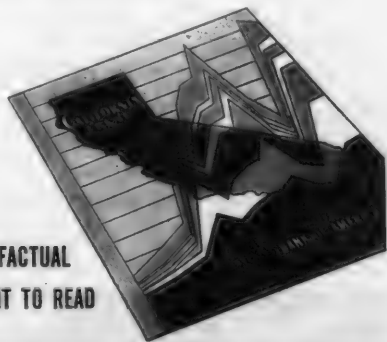
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LET'S GO!

SIXTEEN thousand banks are ready for the opening of the \$11 billion Victory Loan Drive on October 29, under the leadership of Francis M. Knight chairman of the Committee on War Bond Drives of the American Bankers Association. Mr. Knight, vice-president of the Continental Illinois National Bank and Trust Company, Chicago, heads the program which will bring all banks together in an effort to assist the Treasury. The goal includes \$4 billion in sales to individuals, of which \$2 billion is to come from Series E bonds.

In addition to the Committee on Treasury War Borrowing, which is concerned with fiscal problems of the Government, Mr. Knight's committee maintains a liaison between the Treasury's War Finance committees in each state and the banks and state banking associations. This committee includes representatives from geographical divisions of the nation and works closely with A.B.A. State Victory Loan chairmen and special state chairmen representing savings banks.

The A.B.A. program will follow the pattern so successful in the Seventh War Loan. It is directed toward stimulating sales to individuals through personal solicitation. Several issues of "The A.B.A. Victory Loan Campaigner" in newspaper format will be sent to the banks to inform them about the drive and to furnish merchandising ideas. An important part of the program will be a system of scoring and reporting sales on a competitive basis with other banks.

General Wainwright receives the Congressional Medal of Honor from President Truman



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Participation with Correspondent
Banks in Loans to Local
Enterprises

Dealers in United States Govern-
ment, State and Municipal
Securities

Investment Information

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Safekeeping of Securities

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Profit-Sharing Plans

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and Co-Depositary

Trust and Reserve Accounts

International Trade and Foreign
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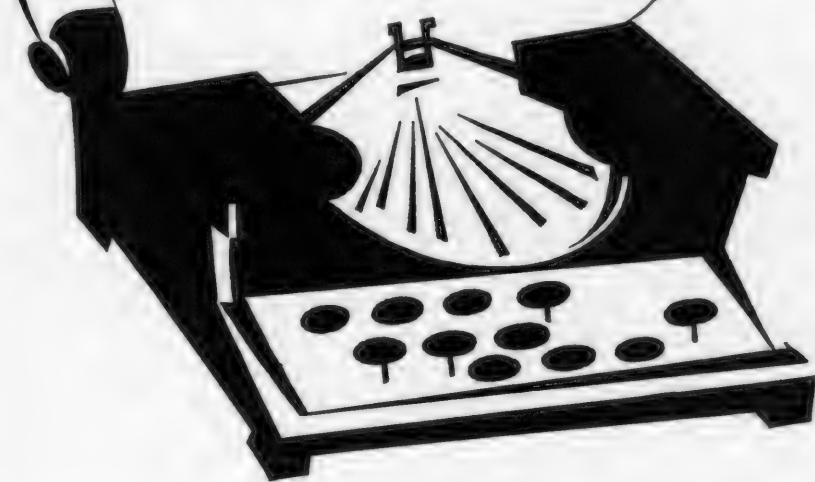


BANKING

JOURNAL OF THE AMERICAN BANKERS ASSOCIATION

OCTOBER 1945

Raymond Moley Views the Prospect for lively Banking History



MR. MOLEY, a widely known journalist, teacher and student of public affairs, is associate of "News Week" magazine and Professor of Public Law at Columbia University. He was Assistant Secretary of State in 1933.

THERE is no such thing—there can be no such thing—as a national plan for a decisive moment like this in our history. The tone and content of the future is made by what each element in the community conceives to be its future responsibility and duty. The sum total of all is what makes a nation.

Hence, the present attitude, plans and the prospects of a great institution like banking is a matter of interest to everyone. Those attitudes, plans and prospects are in the collective thinking of bankers, as expressed in the

reports of their national association. That thinking, summarized in this article, is in keeping with the demands of a growing and adventurous country.

It was my lot to be present in the office of Will Woodin, the new Secretary of the Treasury, at one of many dramatic moments in the memorable bank holiday which began on March 5, 1933. The question of opening or not opening a very large bank was under consideration. One of those present, arguing for the opening of the bank, pointed out with the utmost earnestness that the institution in question was not just a custodian of money, a lender and a discount of notes. "This institution," he said, "is the cement that holds a great community together." This was true. The bank was a decisive factor in a way of life—a basic



The work of the Administrative Committee spearheads the Association's varied program. Here is President Rathje, while vice-president, making a report to the committee

element in a civilization. Not only a many-sided economic life was at stake, but an ethical solidarity among the people. In the realm of civic intelligence, this bank had leadership. It was an indispensable factor in self-government. Chaotic conditions would have resulted from its failure to open. In every broad civic decision in the community, its voice had been heard over the years, and its advice had carried great influence.

It is only incidental to this story to add that the bank was opened and that it has since carried on splendidly.

The country learned a good deal in those days of what banks meant in community life. At the same time, many of those in government learned lasting lessons.

I WAS a newcomer in the official family then and a layman in the field of public finance. For various reasons which need not concern us here, I served President-elect Roosevelt during the period between election and inauguration in an unofficial advisory capacity. In White House conferences between the incoming and outgoing Presidents, I served as a sort of opposite to the able and patriotic Ogden Mills, Secretary of the Treasury. After Mr. Woodin was selected and for months after he entered the Treasury, I was with him and saw at first-hand most of his official problems. I thus had the opportunity to see, from the standpoint of government, where the banking system had succeeded and where it had failed in national service.

I offer this introductory note to explain why, in 1945, I have felt the impulse to look, once more and again as a layman, at the general outlines of the banking system; to see after 13 years what trends and policies the bankers of the nation are recognizing as their responsibilities and functions in the nation and how they are viewing the years ahead.

As a means of getting a bird's-eye view, I have read with interest and care the many annual reports of the American Bankers Association for this year. Taken as a whole, these reports comprise a platform of banking for the years ahead—a manifesto of service done and to be done.

Let us consider these reports as they reflect the banker's outlook on the major public problems before the

country. Those problems were, in the past year, headed by win-the-war. Now they are, first, to help the veteran; second, to expand business and multiply jobs; third, to avoid inflation; fourth, to help agriculture; fifth, to take up our task as a world power; sixth, to adjust ourselves to changing concepts of social life; and seventh, to make ourselves more efficient and useful.

Banking in the War Effort

IT is natural that every factor in the nation's banking system should be affected by the tremendous impact of war. Almost every committee tells a story of how banks contributed to the war effort. It is no exaggeration to say that the nation could not have organized for total war without a healthy and cooperative banking structure. While banks and bankers were out in force in the first four War Loan drives, it was after the Fourth Loan that the A.B.A., at the request of the Treasury, organized a special committee. This committee formulated a national program, created a comprehensive selling plan out of the experience in earlier drives and mobilized all banks for the Fifth, Sixth, Seventh and Victory Loan drives.

While this widespread activity was under way, the A.B.A. made available to the Treasury the advice of selected leaders on the larger problems of financing the war. This committee advised the Treasury on the whole rate pattern of government debt, on methods of fostering savings, of discouraging spending and of making certain an orderly market. The latest meeting of this committee with Treasury officials was held in August of this year, at which plans for the Victory Loan were reviewed. The banking system thus gave its full effort not only to carrying out the policies formulated by government, but in assisting the Government in the formulation of its own policies.

It need hardly be said that the public has been fully conscious of rationing. But the public has little realized how heavily the Government has depended upon the banks to make rationing not only effective, but as painless as was humanly possible. For three years the banks have carried the load of ration banking, and for three

years the A.B.A.'s Committee on Ration Banking has cooperated with the Government to the end that the cooperation of banks might be of the greatest service.

The Credit Policy Commission points out the great importance of the banks in providing industry with the money needed to get war production under way and to sustain it during the long stretch of the war.

The Savings Division centered efforts in creating a vast thrift movement within the financing of the war. Three important programs were developed in this connection: the sale of E bonds, payroll deduction plans, and "Schools at War."

These were not only contributions to victory. They were also effective means to maintain a stable economy and a fairly comfortable standard of living at home during a long and bitter war. It is safe to say that no nation ever fought harder and lived with less discomfort than we did. This was due not alone to our great resources, but to our capacity for cooperation.

Service to Veterans

GREAT as has been the part played in the war effort by the banks, their responsibility in the solving of the problems of the aftermath will be almost as great. And the reports which deal with this are the reflection of prudent preparation and intelligent planning.

Notable in this respect will be service to war veterans. A committee on this subject suggests that "the bankers of the nation will greet the returning war veteran as a man—not as a problem." The banks will be, according to the committee, a major source of information and advice to the veteran. Almost every difficulty he faces will, in some degree, be something in which a bank can offer useful help. Since vast promises have been so plentifully offered the veteran, it will, to a considerable degree, fall upon the banker to stick to realities and to protect the veteran from unwise commitments. This, the committee points out, will not always be a popular role for the banker. But he must, in giving advice, seek his reward in knowing that he is saving people from future heartaches and financial disaster. The GI Bill of Rights must be interpreted to the veteran. He must be protected from exploitation as far as wise advice can protect him. And he must be helped in finding sound means of investing his funds. The committee points out that banks are creating departments or designating individuals to serve veterans' needs. Not only this committee, but several other committees report on the concern of the banks for veterans' welfare.

Ample Production and Abundant Jobs

BASICALLY, however, the veteran, as well as everyone else, is concerned in the prompt development of prosperous and lasting peacetime conditions. This means ample production and consumption and abundant job and investment opportunities.

No sharper challenge has ever been made to the banks than the continued insistence in many quarters that government become the major credit support of small business. The Post-War Small Business Credit Commission addresses itself to that challenge. It points out that the individual banks, with \$140 billion in de-

posits, provide the greatest reservoir of credit in the history of banking. The local bank and its correspondent are a primary and secondary means of bringing this great supply of credit to medium and small-sized businesses. But to meet the full program envisaged by the commission, 41 credit groups, with resources of \$630 million, stand ready to participate in loans which are either too large or are not fully in the traditional pattern of credit procedure. The commission seeks to implement this mechanism by developing standard forms of loan-participation certificates and by encouraging each credit group to create general forms and practices suitable to the region involved.

The Credit Policy Commission is considering means to enable and encourage prospective buyers of consumer goods to finance their purchases out of current income by using bank credit. Thus, War Bonds will be kept off the market, and a major inflationary threat will be avoided. Small industries, hampered by the tying up of assets in war equipment can be helped by T-loans, which, the commission says, are now ready.

While visionary people still speak only of purchasing power as wages and still higher wages, the Committee on Consumer Credit has been considering ways and means of implementing purchasing power with the mechanism of credit. A survey by this committee showed, in 1944, that approximately 10,600 banks would be engaged in some form of consumer lending. This great means of activating purchasing has attracted the attention of many associations, manufacturers, dealers and others with an interest in consumer credit. Meetings were held with many such groups and associations, to work out means of cooperation between lenders of money and sellers of goods.

An interesting example of cooperation with the non-banking world is the Blue Triangle Plan, copyrighted by the Massachusetts Bankers Association's Committee on Consumer Credit, with all rights and privileges assigned to the A.B.A. This health financing plan,

A group of Administrative Committee members talk things over informally between sessions. *L. to r.,* C. W. Bailey, of Clarksville, Tennessee, the Association's new vice-president; Frederick B. Post, of Ionia, Michigan, Insurance and Protective Committee chairman; W. Randolph Burgess, of New York, retiring president; and William H. Neal, of Winston-Salem, North Carolina, Public Relations Council chairman



In Washington



ROBERT M. HANES

Chairman, Post-War Small Business Commission, tells the House Select Committee to Investigate and Study Small Business, one of five Washington appearances, about the plans of banks to provide the credit needed by all competent individuals and concerns for all constructive purposes



A. L. M. WIGGINS

Former A.B.A. president and member of various committees, calls upon House Committee on Agriculture, during testimony on Flannagan bill to reorganize government agricultural credit agencies, to investigate and reorganize the whole farm credit structure



W. L. HEMINGWAY

Chairman, Advisory Committee on Special Activities, presenting the views of bankers on the Bretton Woods proposals to the House Banking and Currency Committee, and calling for amendments to safeguard U. S. interests and to improve the international monetary machine

which has the full approval of the Massachusetts Medical and Dental Associations, is described in a manual prepared by the Advertising Department, in cooperation with the Consumer Credit Committee and the Massachusetts Bankers Association. Many other state bankers associations are studying the plan, and its spread through the nation is anticipated.

The Consumer Credit Committee has prepared manuals with plans and information on home appliance, automobile and aircraft financing for wide distribution among interested banks.

The whole structure of consumer credit depends upon an effective system of collection. The committee is working out a plan by which collections throughout the nation can be facilitated by cooperation among banks which extend such credit.

CLOSELY related to the work of the Consumer Credit Committee is that of the Credit Policy Commission. That commission is working toward revisions of Regulation W, which restricts loans for the purchase of durable consumer goods. It had an important part in the formulation of T-loan plans to finance industry between the end of war contracts and the resumption of peacetime production.

Most important in the stimulation of peacetime production is the work of the A.B.A. Advertising Department. Advertising is an indispensable factor in mass production and consumption. The department has under way further practical plans for members in the general field of merchandising, home loans and automobile financing. It plans to expand its service to banks through the making and publication of research projects.

The War Against Inflation

RUNNING through the various reports is a shrewd appreciation of the fundamental cause of inflation. That major cause is to be found in human behavior, not in financial machinery. It is true, of course, that when there exists a large supply of money and a small amount of goods, there is potential inflation. But if human beings refrain from bidding up prices, the explosion doesn't occur.

That is why the findings and recommendations of the Savings Division of the A.B.A. are important. Its research efforts made their way deep into the behavior of savings depositors, as reflected in the figures of the banks and the opinions of bankers. The major question before us all is what the owners of the vast reservoir of savings will do with their deferred purchasing power. According to the division's studies, the great majority of the banks favored active encouragement of more saving. It also found that the greatest incentive toward saving is the feeling of depositors that the future is uncertain. A lesser impulse is the scarcity of goods. The opinion is held by most bankers that withdrawals from savings accounts will not be heavy. Moreover, the opinion of the majority held that the extension of social security laws will not make it more difficult for banks to secure savings deposits. These simple but tremendously important conclusions were derived by the division from the most comprehensive study of savings practices ever made. And it may be added that no study was ever made for a better reason. It emphasizes the great public service which banks can perform by a continuous and intensive study of the practices of their depositors.

Other matters relating to inflation appear in the report of the Department of Research in Mortgage and Real Estate Finance. This report warns bankers of hazards ahead. There will be intense competition for mortgages in the period ahead. That carries with it the danger of inflated appraisals. That this is already under way is shown by the fact that, despite a virtual stoppage of private construction, the average home-mortgage loan by all lenders in 1945 was 24 per cent greater than in 1939. That banks are using more caution than other lenders is shown by the fact that their average loans are much less—those of commercial banks being 13 per cent greater, after six years, and those of savings banks being 14 per cent greater.

That the fight against inflation was also a major concern of the Agricultural Commission is shown by its five-point program for bankers. They were told to help farmers keep debts at a safe level, to encourage farmers to maintain financial reserves, to do everything to prevent a land boom, to warn back-to-the-landers against traditional mistakes and to keep adequate credit files in all banks. The commission, in response to a request from the Treasury, undertook a special program to encourage farmers to build their resources in the form of War Bonds. To this end, over a thousand meetings were held in agricultural counties. These meetings were more than War Bond affairs. The occasion was used to put over the general lesson of keeping agriculture financially sound by keeping debts in shape and by avoiding over-investment in land, livestock and machinery. The grim spectre of a land boom looms larger after a war. That was revealed 25 years ago. The Agricultural Commission has published bulletins in five successive years bringing home to farmers the facts about farm prices and the danger warnings of trends.

Aid to Agriculture

THE A.B.A. has two important agencies concerned with agriculture—the Agricultural Commission and the Commission on Country Bank Operations.

The Agricultural Commission was concerned with far more of the farmer's problems than merely those of inflationary prices and unsound finance. It encouraged state bankers associations to work with state colleges of agriculture in helping farmers to adopt efficient business methods, to plan their purchases, to buy efficiently and economically and to learn the prudent uses of credit. Here the bankers are urged to meet the danger of too much governmental paternalism by seeking actively to serve the needs of agriculture more extensively themselves. The commission cooperated with the vast emergency programs of the War Food Administration and the Commodity Credit Corporation. It worked out with the Government a cotton financing plan of great importance to the South. And it plans to establish similar programs in connection with grains. The commission is also outlining a plan to be used by state agricultural committees in cooperation with state and Federal soil conservation agencies.

We need not concern ourselves with the question whether unhealthy agriculture in the past can be attributed to unsound and inefficient banking, or whether the agricultural disaster drags down the country banks.

The fact is that in major economic crises in the past, banking and agriculture suffered in common.

This is why the work of the Commission on Country Bank Operations is of such significance in the nation's agricultural picture. During the two years of its operation, the commission has made the first comprehensive cost analysis ever made of the operations of country banks. This analysis is already being used by country banks as a basis of determining and justifying adequate charges, plugging leaks, reducing expenses, developing new services and systems and creating long-range policies.

This cost analysis study is being repeated, and a manual of service charges is under preparation.

The commission also surveyed the relationship of country banks and their correspondents.

World Finance

IN the Spring of 1943, Washington and London almost simultaneously issued plans for an international financial setup. In the Autumn of that year, the Treasury published a plan for international credit machinery. Subsequently there was extensive consultation between Britain and the United States, and, as a result, there emerged a joint "Experts' Plan." That plan was the basis of the Bretton Woods Conference in 1944.

From the moment that Britain's Keynes and the United States' White plans saw the light of day, the A.B.A.'s Committee on Special Activities and its Economic Policy Commission gave the whole project their joint and careful attention. In 1943 they issued a comprehensive report which, in some respects, was critical of both the Keynes and the White plans. In 1944, before the Bretton Woods Conference, representatives of the A.B.A. went to Washington and filed a brief statement of its position. After the Bretton Woods articles of agreement appeared, the A.B.A. assigned the responsibility of presenting its views to Congress to the Advisory Committee on Special Activities. Throughout the months that followed, the two agencies of the A.B.A. worked together with the added assistance of committees of the Reserve City Bankers and the Bankers Association for Foreign Trade.

The subsequent history of the efforts of the representatives and agencies of the A.B.A. and of the legislative history of Bretton Woods is too lengthy to be detailed here. Suffice it to say that substantial amendments were made and that no small credit for these is due to the efforts of the A.B.A. The report of the A.B.A. Economic Policy Commission places this appraisal on its efforts and on the amended Bretton Woods plan finally passed by Congress:

"... the Association has been able to approve the objective and principle of the proposed measures but has opposed features they have believed unsound and has suggested amendments. As in the recent legislation all of the suggestions of the Association representatives were not adopted, but many were. We have performed our duty of giving the Congress and the public a thorough and honest analysis of proposals before it. Thus, in addition to the actual changes in the bills, the public and the Congress have been better informed as to the problems and principles involved, and this is



Mr. Moley writes about the broadening character of Association activities. Here is a Consumer Credit, Agricultural Credit, Post-War Small Business staff and banker group meeting in Chicago last month to discuss farm implement financing. *L. to r., seated.* G. H. Finch, Hoopeston, Illinois; Lehman Plummer, Des Moines, Iowa; George Y. Jarvis, A.B.A. Agricultural Credit; T. Allen Glenn, Norristown, Pennsylvania; Louis J. Asterita, A.B.A. Consumer Credit; Carl M. Flora, Milwaukee, chairman, A.B.A. Consumer Credit Committee; *standing.* Lester Gibson, A.B.A. News Bureau; Frank Farrington, Newark, Ohio; W. H. Rogers, Geneva, New York; Carroll A. Gunderson, A.B.A. Post-War Small Business Credit; Richard W. Trefz, Beatrice, Nebraska; F. B. Mattingly, International Harvester Company; E. D. Reese, Newark, Ohio. A. G. Brown, manager, A.B.A. Agricultural Credit Department, was present but is not shown in picture

perhaps even more important in the effective operation of the instruments created.

"With respect to Bretton Woods and the Export-Import Bank, the problem now becomes one of management, of finding the right people to run these institutions, and of giving them the intelligent and critical support which they will so much need as they venture into untrodden ground."

This is by no means the only problem of domestic and worldwide importance to receive the attention of organized banking. Within the purview of another group, the Commerce and Marine Commission, were included a great many of these questions of the day.

Trust Policy in a Changing Economy

THROUGHOUT the many A.B.A. reports, there is a recognition of the economic readjustments which have characterized the past 12 years. Justly or unjustly, wisely or unwisely, those 12 years have seen a great leveling. The shaking down of heights and the filling up of depressions will be followed by other inequalities, of course, but the prudence of wise bankers has seen that in the midst of change, there must be saved the tested and traditional principle of trusteeship.

The keynote of the Trust Division is well expressed in the words of its president:

"Everything changes and the changes have come so quickly during these last few years that there is not much that is certain except that we shall surely have uncertainty.

"There have been previous changes and these changes have increased the responsibilities of the trustee. The changes which I am now to stress have added responsibilities but they have also done something deeper and more important—they have broadened the obligations of trusteeship."

The first of these new obligations of trusteeship, says

the president of the Trust Division, is to study and know the affairs of the world. Another is to grasp intelligently the meaning of the unprecedented government debt in our political and economic system. Still another is to study what is happening in industry, to anticipate the growth of new industries and to appraise the future of old industries.

It scarcely needs saying that there is a trend toward smaller estates and toward less return from existing estates. Half the trusts administered by trust institutions in the country produce less than \$369 annually. The problem of trust institutions is to adjust their thinking to this almost revolutionary fact.

The work of the Trust Division, therefore, centered in the new legal and economic problems involved in this change. Taxation in the states and in the Federal Government was reviewed. The administration of the comparatively new employees' trusts was surveyed by the division.

The common trust movement was studied. This form of trust is rapidly being recognized in state laws. Regulation F, which limited these trusts to \$25,000, was amended after a recommendation by the Trust Division to permit common trust investments to reach \$50,000. A policy on advertising these trusts was developed.

Relations between the bar and trust institutions were improved through conferences and consultations. The organization of life insurance and trust councils proceeded throughout the country. And relations within banks between trust and other departments were studied.

More Service With More Efficiency

INSTEAD of contenting itself with homilies on the virtues of free enterprise, the A.B.A., through its committees, has addressed itself to a surer way to make free enterprise succeed. It seems to make that part of

(CONTINUED ON PAGE 108)

Servicing 100,000,000 Customers

LEWIS F. GORDON

This is part two of a discussion of bank service for the millions, begun in September BANKING. In the article which follows MR. GORDON, who is vice-president of the Citizens & Southern National Bank in Atlanta, Georgia, discusses advertising and promotion techniques that have been found effective in selling bank services to the general public.

AGREEING that mass banking service is the program ahead, agreeing that mass selling calls first for basic selling of the general program, and that mass selling calls for real techniques in marketing, merchandising and advertising, we now come to the question, "How is this new selling job to be done?"

Again drawing on the experience of industry in marketing, where there is only a small margin of profit in the commodity unit, real income lies in obtaining volume. In the past, a number of banks came and went in the consumer credit field, on the basis that it was nuisance business out of which they could not make a profit. The answer really was that they didn't know how to build volume through which profit would have come.

THE same is true in the case of other services. If banks are going into this business of providing mass service, then they must make up their minds to work aggressively in building volume. For example, in the no-minimum balance checking field, there is enough experience to show that the average customer uses between six and seven checks per month. With charges ranging from five to 10 cents per check, the gross income can only be something between 30 and 60 cents per customer per month. It will be a "nuisance service" if special operations have to be set up for a few hundred customers. But if thousands of former "non-checking account customers" can be induced to use this service, and many banks have been able to build such volume, then it can become a profitable operation. Moreover, the sales-minded banker will quickly perceive that he has in these customers a further market for monthly repayment loans and other bank services. Likewise, and again we draw on bank experience, many of these customers develop and move over into the use of regular checking service. But the "lead-in" was the no-minimum balance check package.

The program begins with a good advertising appropriation. Again it is axiomatic that you must spend money to make money. Promotion of various kinds must be sprayed out widely over the entire population of the city or town and its trade area. You are now going after mass business and all must be considered prospects. Moreover it must be a continuous effort—spasmodic or intermittent programs just won't get over.

In the early days of our own experience, we learned a dramatic lesson in our own bank. We had been carrying a daily advertising schedule of five and 10 inch ads in the daily newspapers on monthly repayment loans. We decided to embark on a rather pretentious institutional program pointing toward certain definite objectives and using large space. While this program was running, we decided to cut out certain other advertising, including these small ads on monthly repayment loans. Within a month our loan volume showed a definite decrease. Back-checking, we found that the only change in operation we had made was to eliminate the small loan advertising. It was immediately reinstated, up went our volume, and we had learned our lesson. To get volume, we had to keep everlastingly at it—but we did, to attain a volume in our sixth year of operation aggregating more than 54,000 loans exceeding \$21 million.

HOWEVER, to get back to this business of promotion, when you keep in mind that any average person is a prospect for one or more of these services, the necessity for persistence becomes manifest. What attracts one person is meaningless to another, so a variety of promotions and appeals—and the persistency—is necessary in order to make various kinds of impressions. In the case of consumer credit, it covers everything short of loading the money on a push cart to go down the street crying, "Money to lend." If anyone cringes at this as lacking in dignity, then he had better forget mass banking and hope for the best in a dignified field. If to be dignified means unwillingness to see eye to eye with the human needs of people, then it were better that there be less dignity. As a matter of fact, the people whom we might expect to be impressed with dignity—big business men, corporation executives—like the idea that the bank is looking after the needs of the so-called small man. Many of those small men are their employees, often the prey of "loan sharks" and many an employer has cooperated with his bank in directing his employees to the bank for necessitous loans.

In this very situation lies another promotion possibility. Letters can be directed to large employers enlisting their cooperation, and indicating the bank's willingness to work with the employees in this matter of borrowing. The program has many advantages for the employer. Worried or harassed employees more often than not are inefficient. Relieving their emergency money need makes them better workmen or women. The program obviates requests for advances on wages and salaries; eliminates petty cash funds which employers frequently set up for employee loans; keeps employees out of the hands of "salary buyers"; removes the nuisance of garnishments. Letters to the employer,

introduction cards to the bank handed out by the employer, promotional folders and leaflets which many employers will gladly distribute—all of these are part of the job of getting the story over. An interesting phase of this form of penetration is that employees who have been helped become interior salesmen for the bank. The same is true of no-minimum-balance check service. Employees using it tell their fellow employees about it, show their checkbooks, and thus the volume grows.

One of the finest sales and merchandising channels, too frequently overlooked by many banks, is the bank lobby itself—and appropriate selling displays therein. Is there anyone who will disagree with the statement that it is much easier to get more business from your own customers than to get some business from the customers of another bank? Who constitute the bulk of the traffic in the bank lobby? Your own customers. Why not work to sell them additional services which they are not now using?

Many clerks, cashiers, and like employees come to the bank to make deposits, get payrolls, and transact other business for their employers, yet have no bank account of their own. Why not talk to them about savings and checking accounts? To those who have accounts, suitable posters and displays can offer monthly repayment loans, automobile financing, home modernization loans, and like services. Even the executive, the man of money, can meet an eye-catching message on living trusts, agency service, and executorship which may sow the germ of an idea.

ONE of the greatest attention spots, often remaining unused as a sales point, is the teller's window. The man or woman, in line at a teller's window on a busy day, is like a person riding on a street car or a bus. He is there for the length of the trip, is lost for something to do, and will read anything in sight. He is a natural for a neatly framed selling message on some bank service placed within eye-shot beside the teller's window. Changed weekly or semi-monthly, this merchandising program offers 26 or 52 opportunities to build more service volume among your own customers.

In larger lobbies, beautifully tailored poster messages, enclosed in bronze or other metal frames, featuring eye-catching colored photographs which tie in with a discussion of bank services, can meet the public almost as they come in the entrance. Many banks have valuable window display space unused. Thousands of people pass those windows daily. Possibly across the street may be a large department store whose merchandising executives value their windows as sales points at thousands of dollars annually. They want volume sales and don't overlook any bets to get them. If we want volume sales, let's take a leaf out of their book.

RIGHT now banking has on the horizon two of the biggest merchandising programs in its history, both built around the biggest sales volume in American industry—instalment buying. The one involves automobile sales financing. Allied with the banks is the entire fire and casualty insurance industry, keenly

The Potential Market

Is there a "new selling job" ahead in banking? This discussion represents only a skimming of the surface—some highlight indications of the possibilities. In a market of 140 million people, with money the essence of all material relations, with a range of service in banks extending from a savings account for the unborn babe to estate administration after death, with our whole national economy predicated on time-purchasing to sustain high employment and absorb mass production, the sale of bank services is limited only by the imagination and the sales sense of the banks of the nation.

And the biggest result of it all—apart from the material income to be derived from volume business—will be the fact that the American banking system will reach a new high in popular goodwill. They will be giving the people of the nation real, complete, and helpful bank service.

desirous of capturing the millions of dollars of local insurance which have been flowing away from the insurance companies and the local insurance agents through the complete dealer finance package which also contained the insurance. Literally thousands of insurance agents are ready to go to work to sell their local public on the idea of a three-way program—buy your car from your local dealer, finance through your local bank, insure with your local insurance agent.

HERE again is a big merchandising opportunity for banks that want automobile financing in volume, direct over-the-counter loans made to the public. Banks can't sit back and wait for the insurance industry to promote the whole program. There must be active cooperation and an intense sales and promotion program by the banks. Already merchandising-minded banks are working intensively, preparing sales kits which they and the insurance men will use. These kits will include newspaper advertising, booklets, folders, mailing pieces, blotters, and like material. Some of it will be imprinted with the bank name, some with the name of the insurance man or local agency, but it will all point toward one end, building volume of local automobile financing.

The second big program is the new national sales finance program for handling time purchase of radios, washing machines, refrigerators, ranges, heaters, agricultural equipment and like products. Motivated by 12 key banks across the nation, interlocking with thousands of community banks in big cities and small towns, working with thousands of appliance dealers in every section of the country, it again brings the banks into another phase of this trend of mass banking service. But again, it will call for a parallel selling and merchandising program, until the American public is fully informed and actively using this new instalment finance service.

The Grocer Introduced Him

MYRON STEARNS

UNOBTRUSIVELY, the short, heavy man watched the bank. Through the big open doors he could see depositors as they wrote and cashed checks, sometimes exchanging a sentence or two with the tellers, or going to the desk of this official or that.

Standing at the curb, turning to look into the bank as if merely trying to kill time while waiting for a street car or bus, the man was quite unnoticeable. Usually there were others standing at the bus and trolley stop with him. After watching for a while he strolled away, only to return again a few minutes later. He had plenty of time. Better be extra cautious now, he told himself, rather than be sorry later. If he played it right, they'd never find him in a million years.

Several times he followed one or another of the bank's customers when they left the building. These were men he had seen talking to the bank's officials, apparently on fairly intimate terms with them.

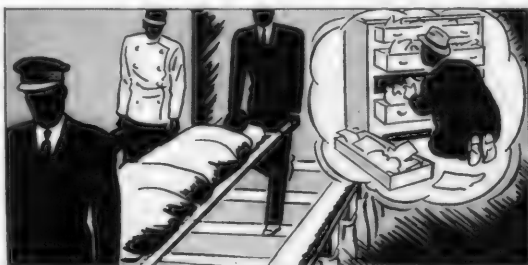
The fifth customer he trailed from the bank was Louis Verdegá, proprietor of a grocery store half a dozen blocks away. A couple of small purchases that afternoon and the next morning, with bits of conversation leading toward the possibility of opening a notions shop, turned the trick readily. Human beings are friendly animals—storekeepers particularly so. At the end of a couple of days the two men—so Louis felt—were well acquainted.

"Mr. Webber," Verdegá said to one of the bank's

visitor's open wallet. This short Mr. K— whom Louis Verdegá had introduced might become quite a good customer.

Three months later the head of the Secret Service district called in Agents Bross and Giannoni.

"Here's another bond redemption case," he told them. "It may have some new angles. We're not even sure the bonds were stolen—two \$1,000's, two \$100's, and a \$25, made out to Herman K—. He's at the Poor



Farm hospital, paralyzed. Swears he never cashed 'em himself. See what you find out."

The United States Secret Service handles some 20,000 cases of stolen bonds and government checks, with forged signatures, each year. Through long experience the procedure has become almost routine as well as being efficient.

Bross and Giannoni went first to the Poor Farm hospital. The Herman K— they found there was a tall, gaunt old man, whose right side was completely paralyzed. Speaking with some difficulty, he told them he had saved enough money, through 30 years in the garment district, to get a long-term lease on a rooming house. The rentals supported him, with a little left over. When war came, he had a little more than \$2,000 in the bank. So he bought two \$1,000 War Bonds. Later he got a \$100 bond, and then another \$100 and one \$25. It was what he could do for the war. He kept the bonds in a desk drawer.

Then he had this stroke. They'd taken him to a good hospital. It was days before he could even talk. Then the hospital had wanted money, and he'd sent a man to get the bonds. They were gone. Nothing else in the room had been touched. The lease on the rooming house had been sold to pay hospital expenses; when it was gone he'd been sent to the Poor Farm. Tough on an old man.

The agents showed him the signatures on the bonds. With his left hand he signed an affidavit that they were not his.

Next Bross and Giannoni went to the bank. At first Paul Webber could not recall who had cashed the bonds. Three months ago, and so many new faces had come and gone since! Then, suddenly, he remembered.

(CONTINUED ON PAGE 138)



vice-presidents, coming up to his desk half a week later, "let me introduce to you my friend Herman K—. He would be cashing a small bond, and maybe later opening with you an account, if he buys into this neighborhood."

The short heavy man with him shook hands with the bank official and smiled apologetically. "It's only a \$25 bond," he explained. "In a way, more to get acquainted than anything else."

He gave his address, of a rooming-house a block or so from Verdegá's store.

"You can call my home," he said with his apologetic smile, "to see I am a respectable person."

But Paul Webber had already seen a convincing sign of well-being: a number of other bonds, of which at least one was for \$1,000. They were clearly exposed in the

Will "NATIONALIZING" Change the Bank of England?

F. BRADSHAW MAKIN



The Bank of England, incorporated in 1694, purchased an estate in Threadneedle Street, London, in 1724. The first business was transacted in the new bank in 1734. Years later a figure of Britannica was sculptured in the tympanum and became the trade mark of the bank. It probably was the inspiration for the appellation "Old Lady of Threadneedle Street." *Left, an old print of the bank*

MR. MAKIN, BANKING'S observer in England, reporting on the present structure and function of the Bank of England, states that "what is perhaps not always fully realized is that the bank as a private entity (17,000 stockholders) not only acts as agent for the Government, but also fills the role of financial adviser."

IT is singular that on the first day of world peace in 1945 the King's address to the British Parliament should give official pronouncement of the intention to nationalize the Bank of England—a bank that was founded in time of war, and which owed its birth to the financial difficulties which beset the Government ruling at the time of its institution.

With an original capital of \$14,800,000 the bank was formed on July 27, 1694, largely through the offices of a Scotsman, William Paterson, and it is interesting to note that the declared intention was to raise capital which was to be lent to the Government at 8 per cent interest. The founders little dreamed that 250 years later, again in time of war, the main function of the British joint stock banks would be the relending to the Government of credit officially created by the Treasury acting through the bank.

The bank, though a private institution with some 17,000 stockholders, has for years held a position that is unique and has enjoyed a power and prestige of far-reaching importance. On the one hand, being a private organization, there is the necessity of earning a regular dividend for the stockholders, and on the other and more important side is the control of the country's credit situation. The custodianship of the gold reserve, control of the note issue, the banker of the Government

and of other banks, are all duties entrusted to the bank. The benefits accruing by reason of the bank's constitution being that of a private organization are such that there has been freedom from political interference. Of necessity the relationship between the bank and the Treasury has been close and intimate, but there has been no legal control by the latter. The unusual relationship existing between the bank and the Treasury is best exemplified by the words of the late Governor, Lord Norman, who said some nine years ago:

"We wish to use that freedom in the only proper way it can be used, that is, in harmony with the Government's policy. I assure Ministers that if they will make known to us through the appropriate channels what it is they wish us to do in the furtherance of their policies, they will at all times find us willing with goodwill and loyalty, to do what they direct as though we were under legal compulsion."

Not unnaturally financial circles ask what purpose is to be gained by nationalizing a body which not only states but has proved its readiness to act in accordance with government policy. That the Labor Party is well aware of the bank's readiness to carry out Treasury policy is shown by the words of Hugh Dalton, the new Labor Chancellor, who stated in 1939 that the governor of the bank was "to a much greater extent than was openly admitted or legally recognised the agent and servant of the Treasury rather than an independent financial dictator." The bank, therefore, does undoubtedly appear to be a typically English institution, a sort of compromise between too much officialdom and excessive private interest.

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BANKING



Cameron F. Cobbold, Deputy Governor,
Bank of England

"Technical Knowledge and Patience . . ."

OSCAR R. HOBSON

MR. HOBSON is financial editor of the *London News-Chronicle*.

ON September 1 a new deputy governor of the Bank of England took office—Cameron Fromanteel Cobbold. Mr. Cobbold did not reach the age of 41 until a fortnight later, so that he is one of the youngest men ever to be appointed to this high position.

Traditionally, the deputy governor of the bank succeeds after two years to the governorship. Since the outbreak of the first World War, this tradition has been more honored in the breach than the observance, for the exigencies of the times have dictated continuity of control, and as there have been only four governors since 1914, the normal method of succession from the deputyship to the governorship has perforce been in abeyance.

However, there now seems every prospect that custom will be in a measure revived, for the present governor, Lord Catto, who last year assumed office in succession to Lord Norman (who, as Montagu Norman, had held the governorship for 24 years) is in his 67th year and could not, under the established superannuation rule, hold the position for more than another three and a half years at the most. The general belief is, in fact, that Mr. Cobbold is marked out as Lord Catto's successor and there is, therefore, every reason for inquiring what manner of man is this 41-year-old heir-presumptive to the highest post in British banking.

CAMERON COBBOLD, the son of an Army colonel, stems from a well-known East Anglian family of brewers. Like Montagu Norman, he was educated at Eton and King's College, Cambridge. By a curious coincidence Cobbold, like Norman, did not complete the regular course at Cambridge but broke off his academic career in order to enter city life. But there his resemblance to Lord Norman ends. In physical and mental make-up they are totally dissimilar.

Cobbold is, indeed, tall like Norman, but, unlike Norman, he is of burly frame and looks a little like a prosperous farmer—which, indeed, he is, for he owns a farm on the estate of his father-in-law, the Earl of Lytton, and devotes his slender spare time to running it.

There is, however, nothing bucolic about him mentally. If he has not the vision, the intuition, the flair of Norman, he has a capacity for consecutive reasoning and an astuteness based on logical processes which matches Norman's imaginal insight.

At Eton, Cobbold is said by his schoolfellows to have cloaked an innate studiousness and earnestness under an affectation of gaiety and insouciance. When he left Cambridge he entered the employ of a well-known firm of chartered accountants and presently transferred to the Paris office of another prominent firm.

THENCE he went to Italy on this firm's business and was there "discovered" by one of the leading men in British insurance, attracting his notice, it is said, because he devoted his evenings to learning Italian in preference to more usual methods of recreation. This led to Cobbold becoming associated with the Excess Insurance Company and to his appointment in 1929, at the age of 24, as managing director of that company's Italian subsidiary.

Shortly after, there occurred an event which provided Cobbold with the first big opportunity for displaying the full extent of his capacities. The Banca Italo Britannica became involved in difficulties. Preliminary investigation revealed a particularly complex and tangled state of affairs, one feature of which was that many of the leading British banks and financial houses were found numbered among the bank's creditors. Cobbold was asked to represent British interests in the unraveling of the tangle. His extremely skilful handling of this matter brought him to the notice of Norman, then at the zenith of his powers and reputation as governor of the Bank of England.

The result was that, in 1933, he left his Italian insurance company, returned to England and joined the bank as one of its "advisers"—the new grade of higher officials which Norman had recently instituted.

How quickly and how thoroughly Cobbold won Norman's complete confidence may be gathered from the fact that within a very short time of his joining the bank he became Norman's regular aide-de-camp at those

(CONTINUED ON PAGE 149)

Some Tools of Bank Management

"By using their daily statement of large balances, bank operating officials are able to keep their finger-tips on the pulse of their deposit fluctuations. . . ."

J. W. MILLER

The author, auditor of the Fort Wayne National Bank, Fort Wayne, Indiana, discusses methods of maintaining a daily check on deposit fluctuations, which he feels is essential to an intelligent investment policy.

IT is an established fact that the more knowledge any management possesses about its business the greater are its prospects for success. This is just as true in banking as it is in industry. The tools necessary for this additional knowledge are very often acquired through simple common-sense reasoning and are not the result of some involved research analysis.

The life-blood of the banking business is the constant flow of dollars in and out of the bank. As long as a bank's deposits equal its withdrawals, its investment program is a very simple operation. But when its deposit totals begin to experience fluctuations its investment policy becomes as increasingly complicated as the fluctuations become severe.

In practically all commercial banks you will find that a very small percentage of their total checking accounts provide them with a very substantial portion of their total commercial deposits. By keeping a close tab on these few accounts a bank should be able to account for practically all the fluctuations in its total commercial deposits.

In our bank, we have 5,800 checking accounts and we are able to account for approximately 90 per cent of our daily total commercial deposit fluctuations by recording the daily changes of balances in all accounts with balances over \$50,000. These number 45 accounts, representing less than 1 per cent of the total number of our checking accounts.

THIS is accomplished by our commercial bookkeeping department providing our operating officers with a daily statement which reflects the individual balances in these larger accounts together with the aggregate total of these balances. The list of these accounts is pre-printed on these statements in alphabetical sequence and the individual balances are listed by adding machine immediately to the left of the names. These statements are reprinted about every six months to take care of any additions or eliminations.

Let's see how a bank can profit from the information contained in these statements. We will cite several examples.

The investment officer notices his uninvested cash has risen a substantial amount brought about by an increase in deposits—say \$1,000,000. He immediately turns to his daily statement of large account balances and finds

their aggregate total increased \$1,200,000. By lining this day's statement alongside the previous day's statement he notices that practically all the increase is reflected in one account. He immediately contacts the officer best acquainted with this account and informs him of this substantial increase. He in turn gets in touch with the finance officer of this account in an effort to determine whether this increase is to be temporary or is to be with the bank for some time.

A banker's relations with his customer should be mutually beneficial and the average customer is only too glad to furnish such important information about his balance. After acquiring such information the investment officer is in a position to make an intelligent decision as to what should be done, if anything, with this increase in available funds.

TO CITE another example of the practical value of such a statement, it provides the means of a daily comparison of these large balances by which it is possible to know the trend of the dollar balances in each of these accounts.

A customer who may have carried a very substantial balance with you at all times in the past may be gradually reducing the amount of his balance. A daily comparison of these statements will disclose such a situation and it is very much to the interest of the bank to determine if possible why this is happening. It may be the bank is gradually losing the account and something might still be done to save it. Even if it is too late the bank should know the reason for the account being closed out because it is by the knowledge of such facts that the bank is able to improve its service.

Another account which a bank might have may have always carried a fair balance but was never considered to be one of the bank's larger accounts. The customer's business begins to grow and his balance is gradually increasing to where it is one of the bank's major accounts. A daily comparison of these large balances will quickly disclose such a situation. It is very worth while for the bank to have such information because with such knowledge it is better able to concentrate its efforts where they will reap the most good—thinking that every bank's ultimate goal is increased growth and earnings.

By using this daily statement of large balances, bank operating officials are able to keep their finger-tips on the pulse of their deposit fluctuations. As shown by the examples given above, this statement has unlimited value not only as an aid to an intelligent investment policy but also as a guide in concentrating the bank's public relations efforts along lines where they will do the greatest good.

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Deposits May Increase

FOR the reasons cited below, we are likely to approach 1950 with an increasing amount of deposits instead of the declining supply that followed World War I.

The increase in deposits of all banks in the United States since 1940 has chiefly reflected increases of corresponding amount in securities owned by the banks. From 1935 to 1940, large imports of gold helped to boost deposits. Deposits are not likely to decrease as they did in 1920-1921 and 1932-1933.

Prices fell in 1920 and deposits evaporated. Bank credit had financed World War I largely through loans to individuals and businesses. In the boom of 1919 following the armistice, businesses borrowed by means of commercial loans to finance inventories and to get working capital. Prices fell. Loans were called. Goods were sold at sacrifices to those who had bank deposits. The deposits were tendered in payment of loans, and both loans and deposits were reduced. Many businesses and banks failed. The money supply was contracted sharply, and the banks were unable to make new loans.

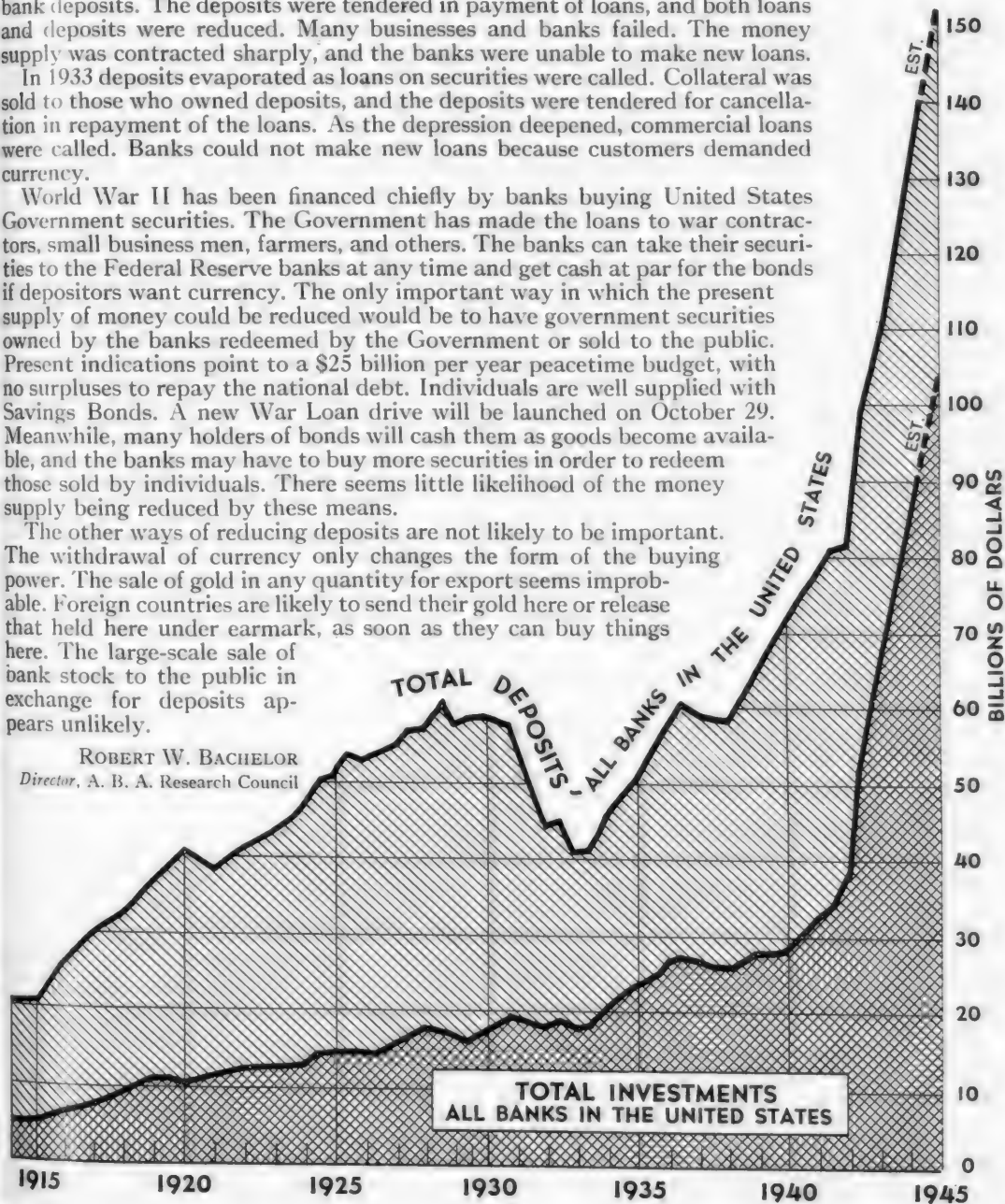
In 1933 deposits evaporated as loans on securities were called. Collateral was sold to those who owned deposits, and the deposits were tendered for cancellation in repayment of the loans. As the depression deepened, commercial loans were called. Banks could not make new loans because customers demanded currency.

World War II has been financed chiefly by banks buying United States Government securities. The Government has made the loans to war contractors, small business men, farmers, and others. The banks can take their securities to the Federal Reserve banks at any time and get cash at par for the bonds if depositors want currency. The only important way in which the present supply of money could be reduced would be to have government securities owned by the banks redeemed by the Government or sold to the public. Present indications point to a \$25 billion per year peacetime budget, with no surpluses to repay the national debt. Individuals are well supplied with Savings Bonds. A new War Loan drive will be launched on October 29. Meanwhile, many holders of bonds will cash them as goods become available, and the banks may have to buy more securities in order to redeem those sold by individuals. There seems little likelihood of the money supply being reduced by these means.

The other ways of reducing deposits are not likely to be important. The withdrawal of currency only changes the form of the buying power. The sale of gold in any quantity for export seems improbable. Foreign countries are likely to send their gold here or release that held here under earmark, as soon as they can buy things here. The large-scale sale of bank stock to the public in exchange for deposits appears unlikely.

ROBERT W. BACHELOR

Director, A. B. A. Research Council





People who want to borrow money are usually agreeably surprised — and pleased — at the reception they receive at The Pennsylvania Company. The reason is

A loan advertisement of The Pennsylvania Company

MONEY isn't funny. It is too tightly woven into the fabric of daily living to be treated lightly. It is an inseparable part of marriage, business, education and yes, even the seamy side of life with its sickness and sorrows. It plays a major role in the attainment of such great human goals as success, health, happiness and security. Only the incompetent and irresponsible would persist in treating money as something to laugh at.

That is certainly, and quite intentionally, a cautious approach to the subject of this discussion, which is that banks can effectively and in good taste introduce "the light touch" into their advertising. But humor is a double-edged tool. It must be used as deftly as a scalpel in the hands of a surgeon. Humor in bank advertising is a very serious business; you can profitably use the light touch, but first you should do some very heavy thinking.

The entry of banks into mass markets in this post-war era poses a real challenge to bank advertising. Up to this point, bank advertising in general has skirted many of the principles accepted as sound in commercial advertising. Bank messages have too often been stodgy, long-winded, overly serious to the point of boredom. They have lacked qualities known by test and survey to be important in attracting attention and holding interest. The most severe indictment of bank advertising in the past is that it has been written and designed from the banker's point of view, without much regard for the public's likes and dislikes.

BANK advertising has "gotten by" because it rarely has had to produce actual results in terms of volume. It has been doing a goodwill and general publicity job, but rarely has had a real selling mission where the pay-off has been on tangible results. But things are going to be different. Mass services that are now so important—auto financing, personal loans, equipment financing, repair loans, mortgage loans, special checking accounts—all require substantial volume at low procurement cost. Nearly all will involve intense competition. So bank

Humor in Ads|a

JOHN B. MACK, JR.

MR. MACK is manager of the Advertising Department,
American Bankers Association.

advertising must grow up; it has a man-sized job to do. Past prejudices and fixed notions must be put aside and the whole subject of bank advertising approached with a fresh viewpoint and an open mind if this tool of modern merchandising is to do the job of which it is capable.

Humor is only one of many techniques available to the ad builder. It has two big arguments in its favor. First, it humanizes the bank. Second, people like it.

It perhaps goes without saying that many people think of banks and bankers as being cold and unfriendly. This is particularly true among the great segment of the public that has had no contact or limited experience with banks. In truth, banks deliberately have surrounded themselves with an aura of extreme conservatism and reserve, as being in keeping with their position of trust. This attitude is apparent in bank exterior architecture, interior design, bank statements and the entire tone of voice of bank advertising.

A LITTLE good humor, a bit of unbending in printed messages, can do a lot to dispel the distant feeling so many have toward the bank. John A. Schoonover, president of The Idaho First National Bank, Boise, Idaho, is a banker who believes in friendly good humor in his advertising. He says:

Many people do not use bank services, particularly loan departments, because of an inherent timidity and shyness, which I suppose the banks themselves have not counteracted by the severe and reserved type of advertising which they have used in the past.

"The kind of advertising we use is intended to create a warm and friendly atmosphere, in order that we may get customers to cross our threshold and find out for themselves that we are human and want to be helpful."

The Pennsylvania Company for Insurances on Lives and Granting Annuities, Philadelphia, is another advertiser believing in the light touch. In some of its current advertising, situation cartoons done in the most modern style are used for illustrations. It is interesting to note that the text is in a serious vein, the humor being left almost entirely to the pictures.

The Trust Company of New Jersey, Jersey City, has used cartoons as illustrations for many years to advertise personal loans, checking accounts, savings accounts and other services for the general public. The bank's technique is simple. In the words of Fred Hetzel, vice-president:

We try to make our illustrations attention-attractors by making them express a fact in a ludicrous manner, but also to maintain a logical opening for the message we are trying to con-

sa Double-Edged Tool

vey. For instance one ad "We'll Help You Hoard" is in a way a startling statement for a bank to make, yet when we add "Coal for the coming Winter" it is quite logical.

This particular advertisement shows, in cartoon style, a grinning man contemplating a large pile of coal.

A simple object lesson in the effectiveness of good humor as contrasted with super-seriousness is the reaction of others to your own different moods. Be highly reserved and unsmiling, and most people will respond in kind. Laugh, and the world laughs with you. People *want* to smile and be happy. They admire a sense of humor. They respect the man or the institution that has it.

There is no evidence that the light touch, when used with good taste, has produced an undesirable reaction for any bank.

You might assume that gay, smiling advertising on trust services would shock the public and bring a flood of protests. But perhaps that idea is a form of self-hypnosis, because the Chase National Bank of New York used just such an approach without disastrous results. Don Herold, famous humorist, wrote a sprightly series of mailing pieces for the bank's trust department—pieces that, according to C. H. Huffard, second vice-president of the bank, "were a far departure from the usual formal trust mailings."

TYPICAL of the style used in this series is the following excerpt from a folder entitled "I Know You're Too Busy":

The first rule for making a Will is to make it while you're too busy.

Make or modernize your Will while you're healthy, happy and going strong.

Now I had a sore throat a short time ago and I thought I might be shuffling off at any minute, so I made my Will, and I found it was not nearly as hard and dull a job as I expected it to be. In fact, it was quite simple, and I found it fun to get things all ship-shape for my possible absence. Like getting your desk in order or having the garage cleaned out.

Except far more important.

It doesn't take long. It doesn't cost much. It doesn't pain. It does *not* mean that you admit you're going to die. (I got over my sore throat.)

In the November 1944 issue of *BANKING*, Mal Davis told of some interesting findings about newspaper reading habits brought to light by the "Continuing Study of Newspaper Reading" conducted by the Advertising Research Foundation. Humor panels, comic strips and editorial cartoons rank third, fourth and fifth, respectively, among women readers as attention arresters. They rank sixth, fifth and third, respectively, among men. Considering that all newspaper features were competing for attention, including feature stories, news pictures and editorials, humor ranks amazingly high.

In its August 17, 1945 issue, *Printers' Ink* reports the 12 most-seen magazine advertisements. Humor and romance led all other appeals in these outstanding advertisements.



This is a HIGH horse.

It does not belong to us!

A High Horse has no place in The Idaho First National. Our feet are on the ground where we can meet and greet our customers on an even, friendly footing.

The Idaho First National Bank stresses friendliness

Humor is doing a big selling job for commercial advertisers, for whom advertising has to produce dollar-and-cents returns. It sells Wheaties, Marlin blades and Kirkman soap. It sells railroad tickets for the Burlington Route, helps the Bell Telephone Company clear the lines for servicemen's calls, helps merchandise Pepsi-Cola, Old Golds and Pepsodent. It promotes movies to exhibitors for Twentieth Century-Fox Film Corporation, aids Arthur Murray in getting students for his dance courses, lines up dealers for Eureka Vacuum Company and sells Bob Hope's new book for Simon & Schuster. The list of advertisers using humor is far too long to continue here. It includes a great cross section of American business concerns, industries, utilities and hundreds of banks.

MERRILL Anderson, president of the Merrill Anderson Company, New York, has found humor to be a very effective device to gain attention for the advertisements of his agency's bank clients.

"Banking is a serious business," Mr. Anderson said.

**"SORRY, CHUM! MY MONEY'S IN A
WACHOVIA CHECKING ACCOUNT!"**



WACHOVIA BANK AND TRUST COMPANY

ASHEVILLE HIGH POINT SALISBURY
CHARLOTTE RALEIGH WINSTON-SALEM

Member Federal Deposit Insurance Corporation • Member Federal Reserve System

The "lighter touch," as used by Wachovia Bank and Trust Co.

"But so is the average man's existence—and we have found he is grateful for a light touch now and then to break the monotony. We feel that if it is brief, and helps get across the selling point of the advertisement, humor can be a valuable aid in getting the reader's attention and friendly interest."

Some of the banks for which Mr. Anderson's agency has prepared newspaper advertisements in a humorous or light vein are The Paterson (New Jersey) Savings Institution; The Wachovia Bank & Trust Company, Winston-Salem, North Carolina; and the Land Title Bank and Trust Company, Philadelphia.

Another financial advertising agency that believes humor has a place in bank advertising is Edwin Bird Wilson, Incorporated, New York. Besides employing this technique for bank clients, the agency, which is serving as task force for the War Advertising Council on the planned spending and saving campaign, has also used it very effectively in this government program.

SHORTLY before the war the Advertising Department of the American Bankers Association offered its first all-cartoon series of newspaper advertisements. It was in single-column size, featured small caricature figures, and dealt with personal loans. Some 300 banks ordered this first series, establishing cartoons firmly among the department's services. This first series was followed with another of 24 two-column ads on the same subject with cartoon treatment, then two shorter series on home repair loans. During this time humor was worked more

and more into the department's regular monthly services until now about one-fourth of the production has a humorous or light twist. The most recent complete cartoon pictures show a humorous situation which ties in directly with the service being offered. It is a technique that combines attention-arresting qualities with sales appeal.

This article started on a note of caution, and to be consistent it will end the same way. Use humor with care. It can bite deep when applied improperly. One of the pitfalls that must be avoided is "talking down" to the prospect, or showing him in a light that might be resented. To illustrate with a mild example, the A.B.A. Advertising Department, after an eight-month study of the merchandising of farm credit, including two months of visits to country banks and farmers, decided that a cartoon series of newspaper advertisements would be an effective way to present the services of country banks. The purpose of the series was to combat government competition in the agricultural lending field. Illustrations were friendly little figures representing farmers, their families, and bankers, in different situations in the bank, in town and on the farm. The series went over well and had a good reception among banks and farmers, with the exception of one criticism which was repeated from several sources. This was that our farmers were all shown in the traditional overalls and straw hats and the bankers were dressed up, establishing a difference—even though in fun—that usually does not exist between many country bankers and their farmer customers. This flaw in the series was easily corrected, but it illustrates the point that humor in bank advertising is a serious business and should be approached with a full understanding of its dangers as well as its advantages.

One of a personal loan ad series by Mr. Mack's department

**"I WON'T BE LONG, I'M JUST GOING IN
TO ARRANGE A PERSONAL BANK LOAN."**



P.S. We're not quite that fast, but
you'll find us pleasantly prompt.

The Network Idea in CONSUMER CREDIT

In recent months many plans and programs have been announced, looking toward the future consumer credit market for durable goods. There seems to be considerable confusion regarding this market, which may, of course, be delayed by labor disputes or other contingencies

H. EUGENE DICKHUTH

MR. DICKHUTH, a financial writer for the New York Herald Tribune, contributes frequently to BANKING.



New models!

NATIONWIDE consumer credit arrangements through networks of commercial banks from coast to coast are a spectacular development of the post-war period which no one would have dared to predict at the outbreak of war, particularly the scope of this proposed financing which covers everything from household goods selling for \$25 or more, automobiles and airplanes to farm implements and the retailing of homes.

The outstanding novelty behind these new facilities is the greater and more integrated use of correspondent bank relationships which were developed to such a point because of war exigencies for V-, VI- and T-loans. Virtually the same formula minus Federal guaranties is now followed for the peaceful purpose of providing the machinery which will help distribute goods and thus further high employment and production.

One of the earliest plans for consumer credit, announced before VJ-Day, is the bank-agent plan, a joint venture of commercial banks and insurance agents to arrange for the instalment purchase of automobiles by the public.

Underlying this joint financial and insurance program was the thought that what was done before the war on a community scale could be expanded to a national plane so that local purchases could be serviced locally to the benefit of the local buyer, the local banker and the local insurance agent.

The bank-agent plan is being promoted on a nationwide scale, backed by the National Association of Insurance Agents and their regional state associations. Many cooperative bank-agent groups have already been formed in various parts of the country.

One of the latest communities to join hands with others was Philadelphia where 26 banks subscribed to the idea. They have worked out a simple and uniform type of application which is to be supplied to the insurance agent.

Pocket-size kits have been made up containing applications, forms, advertising material, promotion letters etc., likewise a uniform procedure which will be placed with the agent. The banks have also outlined plans with cooperation of the underwriters "assuring the prospective car owner that through agent and broker handling

he will receive speedy, liberal and considerate attention."

Philadelphia financial institutions like those in other centers have given a good deal of attention to promotional methods too to help make the bank-agent plan a success. Folders, letters, blotters, newspaper advertising and car card ads are being considered.

The insurance agent who is in daily contact with policyholders is, naturally, a key figure in the promotion idea. He can inform his clients personally of the new service he can render and he is urged to include some advertising material with every policy and letter which go out of his office.

A recent meeting in Strasburg, Virginia, was the curtain raiser for organizing the banks and insurance agents of that state. A showing of the motion picture "The Bank and Agent Auto Plan in Action" was held in New York late in September under the auspices of the National Association of Insurance Agents and the film will be exhibited throughout the country.

While the insurance man, of course, is not responsible for the repayment of the loan, the type of business he originates has a definite bearing on the success of the plan. It has been pointed out that the borrower may have some preference as to a particular neighborhood bank in which event the agent is urged to use that institution. If the prospective buyer has no choice, the agent may pick any of the regional ones which are members of the plan.

Another auto finance plan looking toward commercial banks participation is sponsored by American Instalment Credit Corporation, a wholly owned subsidiary of Morris Plan Corporation of America. The organizers will have their insurance arrangements taken care of by one or more companies controlled by Morris Plan interests.

When this plan was announced it was stated that set-up actual costs to the purchaser over the life of the contract would work out at a little more than 7 per cent. On this basis, the dealer could make between 2 and 3 per cent on the annual volume with 2 per cent earmarked for the banks. The estimated cost to the prospective car buyer, it was asserted would thus be

(CONTINUED ON PAGE 118)

THE VIEW FROM HERE

IN what may be something of a pioneering move, all Wilmington, Delaware, commercial and savings banks decided on Saturday closings throughout the year until further notice. The Clearing House Association made this decision with non-member institutions concurring.

★ ★

Private enterprise is counted upon to provide the great bulk of the country's housing need, estimated at 1,000,000 to 1,500,000 new homes a year for 10 years, according to Raymond M. Foley, Federal Housing Commissioner.

★ ★

Thanks to her part in experiments leading to the epoch-making atomic bomb discovery and to the sources of uranium at her disposal, Canada must now rank as one of the most potentially powerful nations in the world and one of the best equipped for advances as eventually may come from harnessing the newly-found power to peaceful uses, asserts the monthly letter of Bank of Montreal.

★ ★

The National Association of Manufacturers, presenting its "program for permanent prosperity" to the Senate Banking and Currency Committee, urges a return to gold and uncontrolled interest rates as two important component factors, said Ira Mosher, N.A.M. president.

★ ★

All Latin American countries received top credit ratings and all except Ecuador, Nicaragua, Paraguay and Bolivia achieved top rank in the collection classification in the 34th semi-annual credit survey by the Foreign Credit Interchange Bureau of the National Association of Credit Men, Philip J. Gray, manager, reported.

★ ★

The forthcoming nationalization of the Bank of England still predominates British financial news. J. R. Campbell, writing in London's *Daily Worker*, says, "a change in the directing personnel would be proof of a 'democratic' financial policy and that nationalization is more than a word." The London Times debates possible trends towards lower interest rates under the new regime in connection with the nationalization.

★ ★

Equitable Life heads the parade of large life underwriters in the U. S. to reopen all war claims on battle deaths, etc., paid during the war on a "restricted" formula, deciding full policy payments are warranted, since mortality in war years did not exceed average rates in pre-war years, said Thomas I. Parkinson, president. This repeats pattern followed after World War I.

Netherlands authorities in the East Indies are making preparations for industrialization of the Empire, backed by large-scale loans from Canadian and Washington government agencies.

★ ★

September was "Savings Banks Life Insurance Month" for all mutual savings banks offering this coverage in New York, Connecticut and Massachusetts. More than \$300,000,000 is now in force in the three states.

★ ★

The New York Stock Exchange has adopted drastic curbs on floor trading on a trial basis, in agreement with the Securities and Exchange Commission. While the overall result will be hard to measure, it is certain the new rules will materially reduce floor trading, for better or worse.

★ ★

Fingerprinting of bank customers as an additional means of identification and to avoid cases of mistaken identity has been suggested by Joseph F. Melaville, acting police lieutenant in North Tarrytown.

★ ★

Seventeen of the nation's 43-billion-dollar-plus concerns are banks, according to the annual survey of the United Press. The first seven such companies are Metropolitan Life, Bell Telephone, Chase National Bank, Bank of America, National City Bank of New York and Guaranty Trust Company of New York.

★ ★

An Export-Import Bank loan to Denmark has been concluded, \$20,000,000 at 3½ per cent for the purchase of agricultural and manufactured goods, available until 1948, according to Wayne C. Taylor, bank president. Amortization is in 30 semi-annual instalments. American commercial bank participation will depend on requests from the debtor.

★ ★

While consumer credit control will continue in Canada, first relaxations of Regulation W are certain for charge accounts as well as on plentiful goods, particularly sales to veterans.

★ ★

Reliable estimates place the amount of U. S. Government funds to be used in the next fiscal year on foreign aid ventures, including Bretton Woods and UNRRA, at \$16 billion.

★ ★

A promising outlook for future Soviet-American trade is predicted in a special study by Dean John T. Madden, director of the Institute of International Finance at New York University. Under favorable conditions, he finds, "such trade could rise to levels far beyond past figures."

ART-CONDITIONED BANKS

DORCAS CAMPBELL

The author, assistant secretary of the East River Savings Bank, New York City, and director of the bank's public relations, is a member of the board of directors of the New York Financial Advertisers and is an instructor in public relations at New York University.

ART in banking?" murmurs a banker, skeptically. "I never heard of it." His query is echoed by some museum curators. It is laughed off by the average bank customer. Yet in widely scattered sections of the country the trend is gaining momentum rapidly; banks quietly acquire fine pieces of art, they create and operate museums to house memorabilia, or they sponsor exhibits of contemporary and historic art.

Museum-like banks, capitalizing at last on their traditional architecture, are becoming more museum-like and are earning surprising and satisfying dividends of goodwill. Critics who complain about cold, somber banks, who mouth clichés about marble mausoleums, are as often secretly impressed by the high vaulted and frescoed ceilings, the fluted columns and the fine grille work. They have been conditioned to expect these in a bank.

Mural in Bank of the Manhattan Company, New York City



Customers who approve adding machines operated by electric power feel cheated without the age-old symbols and the traditional grandeur. Slowly the architectural symbols are being modernized, but bank buildings, true to their solid construction, wear only too well and are not succeeded for long decades.

This paradox of customer reaction caused havoc with the public relations-minded banker who wanted his customers and his potential customer, the man on the street, to think of his bank as friendly and neighborly. How to take the chill out of the atmosphere, yet retain the better features of his museum-like home was a puzzle, until he hit on the idea of experimenting with art. He discovered that it enhanced the building architecturally, that it gave added warmth and color and a spirit of action. It brought a passing parade of people—and more and more people—who unconsciously identified the institution and the building as a progressive center of community interests.

Without sacrificing dignity, by creating an appeal to beauty—that great common denominator of all peoples—the experiments panned gold and it appears the trend is snowballing over the country. Permanent collections, or temporary exhibits, bring in not only ready-made audiences and enviable word-of-mouth publicity, but unexpected by-products.

Because art has a ready-made audience there is little need for any beating of the drum to attract attention; special audiences are far-flung and an endless chain of new ones seems to mushroom without stimulation. The appreciation of the art world is not surprising, but the general public has an equal, though less professional, appreciation of exhibits. The general public includes a vast number who have little time to pursue beauty for its sake alone, but who enjoy a taste of it when it is spoon-fed in proportions they can absorb. It has a universal appeal to rich and poor, old and young, professional and amateur.

Art which may complement museum-like banking structures is endless and varied. It encompasses a range fitted to all styles of architecture, from the reconstructed counting house quarters of Williamsburg, to the streamlined post-war buildings. Taste, appropriate selection for a particular setting and the expense account may limit choice, but art is expansive—and it need not be



Paintings of old scenes familiar to natives of St. Louis in the Boatmen's National Bank

expensive. It may be formal or intimate, solemn or lively; it is available in every medium from murals in striking color schemes to delicate miniatures in water colors; it may be restricted in size, color and treatment or it may be massive; it may be a permanent or a rotating exhibit; it may be designed to attract seasonal or constant attention.

In no two banks have these growing art interests been identical; seemingly in no two banks has the original conception of this new asset been fathered in the same way. Good art in financial advertising as in banking architecture has been taken for granted, but spurts of interest in art via advertising may be tinged with a commercial flavor or restrained by a limited budget. Bank officials as patrons of art or members of local museum boards often had an occasional interest in minor collections of paintings or historic subjects. Architects invariably proposed historic and formal murals for bank lobbies, but the interest in art usually ceased there for lack of stimulation and foresight.

THE impulse to acquire art relative to the adjacent locality has often started accidentally when a bank inherited a lone specimen or collected material for an anniversary. In the past, collections were gradually assembled as a personal hobby by an individual in the staff. His experience and practices are now being imitated by public relations-minded officials not as a time-wasting hobby, but an asset in goodwill and in dollars and cents.

Surprised and gratified by the public reaction to its famous paintings by George Caleb Bingham, the Boatmen's National Bank of St. Louis has acquired other significant paintings and commissioned artists to recreate old scenes familiar to the citizens of St. Louis. Old steamboats and the glamour of the Mississippi are recaptured for posterity in the pictures, drawings and lobby murals of the office. The three famous Bingham pictures attract a constant stream of local and out of town visitors—men, women and children, amateur and professional painters and students who call to study the treasures. Two of them were recently used by *Fortune* to illustrate articles about President Truman's state. Natives are proud of the bank which recaptured the pictures, indigenous to their own community, which had wandered far afield.

A minimum of publicity has been given the collection through local newspapers, but pamphlets and records of the histories of the pictures are available to the public, and by word of mouth the story spreads.

Louisville is another community with nostalgic regard for an earlier generation. The First National Bank of Louisville has collected pictures to keep alive the river sagas and old legends. The fame of the Ohio River boats, their races and disasters, are fast becoming folklore in the city once famous for its levee activity and now for its horse racing. Will horse racing pictures of today be a source of interest in turn for the next generation of plane pilots?

Old residents charged with memories of early days return to see art work which memorializes the community of yesterday, and to point with native pride to the work of the local boy who made good. Museums encourage banks and guide them in their selections or exhibits. They appreciate the good fortune of centralized mid-town banks, contrary to their own remote buildings. In communities where there are no museums, the residents are doubly indebted to banks for their forward-looking programs in preparing and presenting exhibits, in acquiring mementos of interest to the particular locale.

Combining an exhibition which flattered a customer and kindled a local interest in contemporary paintings, the American National Bank of Kalamazoo recently inaugurated and sponsored for six weeks a showing of 14 paintings chosen by the Upjohn Company of Kalamazoo to dramatize current advertising. The paintings by well-known artists will be loaned to art museums throughout the country in the next four years.

INDUSTRIES not yet in position to supply banks with industrial exhibits of their new products as in pre-war days, offer, as substitute, a good exhibit of photographs of wartime activities, now that secrecy is no longer essential. Industries appreciate a chance to tell their story, and the public is photograph-minded today. The Farmers Deposit National Bank of Pittsburgh recently displayed the paintings of Navy planes and personnel of the Abbot Laboratories of Chicago.

The camera town of Rochester leads in any attempt to stir up an interest in photographs. The Lincoln-Rochester Trust Company held snapshot contests for two years; it then created a photographic salon for the

contest with judges, suitable rewards and quantities of publicity "to please the host of desperate amateurs who flocked to the bank."

The Paterson (New Jersey) Savings Institution is proud of a small collection of art pertaining to its community, and of a beautiful mural of the settlement of Paterson, but especially of an original painting of Governor Paterson for whom the town was named.

Traditionally, banks have indulged in murals for their lobbies and portraits of their former presidents for their board rooms. The attempt to recreate the past in murals has an educational as well as decorative merit. The Bank of America had special murals painted for the 1939-40 Exposition. By demand of the staff and the customers the murals have recently been retrieved from storage to revitalize banking quarters. Good murals are ever popular but the habit of painting a president has too often become a mere matter of record.

An exhibition of modern portraits arranged on loan by an art museum for a large banking institution of the midwest stimulated the bank to clean up and display a forgotten collection of its own which had been gathering dust for decades. The bank was pleased to discover that the majority of the portraits of past presidents had been by competent men whose work now hangs in the best museums.

It is a good old American custom to paint our renowned leaders, to want a likeness of our personal and business ancestors, but the search for the right portrait painter is essential if the tradition of recording bank leaders for posterity is to have real meaning. Often perplexed by the range of prices, style and the right portrayal of character, a committee may choose wrong. Now with a minimum of time and energy, an artist can

(CONTINUED ON PAGE 146)

The Paterson (New Jersey) Savings Institution's painting of Governor Paterson



A rare daguerreotype in the Wells Fargo Bank's historical collection shows the institution's banking office when it first opened for business in 1852

Where to Get Exhibits

(A partial listing from "American Art Annual")

AMERICAN COLOR PRINT SOCIETY, 576 Benson Street, Camden, N. J. Two exhibits, catalogue on request.

AMERICAN FEDERATION OF ARTS, Barr Building, Washington 6, D. C. Approximately 60 exhibits—paintings, drawings, architecture, photographs, posters, prints, advertising art, books, textiles, color reproduction. Illustrated lectures. Loan art reference package library catalogue on request.

AMERICAN INSTITUTE OF GRAPHIC ARTS, 115 East 40th Street, New York 16, N. Y. 6 exhibits—Latin American prints, town and city, American prints.

ASSOCIATION OF AMERICAN ARTISTS, INC., 711 Fifth Avenue, New York 22, N. Y. 25 exhibits—oil paintings, reproductions, watercolors, graphic arts.

BUTLER ART INSTITUTE, 524 Wick Street, Youngstown 2, Ohio. 20 exhibits, ceramics, handicrafts, oils, photographs, reproductions, student work, water colors, annual exhibits—New Year show, permanent collection, local exhibits.

CALIFORNIA SOCIETY OF ETCHERS, 617 Montgomery Street, San Francisco 11. Over 100 prints, representative of best print makers.

CLEVELAND MUSEUM OF ART, East Boulevard, Cleveland 6, Ohio. 17th exhibit of oils and 18th exhibit of watercolors by Cleveland artists.

GUGGENHEIM (SOLOMON R.) FOUNDATION, 1010 Carnegie Hall, 7th Avenue at 5th Street, New York. Non-objective painting.

INTERNATIONAL BUSINESS MACHINES CORPORATION, 590 Madison Avenue, New York 22, N. Y. 5 exhibits—watercolors and prints by Latin-American and Canadian artists.

KANSAS STATE FEDERATION OF ART, Department of Agriculture, Kansas State College, Manhattan, Kansas. 6 exhibits—architecture, graphic arts, illustrations and drawings, oil paintings, water colors.

METROPOLITAN MUSEUM OF ART, Fifth Avenue
(CONTINUED ON PAGE 147)

MEET



Frank C. Rathje, new head of the American Bankers Association, chats with a customer at drive-in depository of the Chicago's City Bank Trust Company, of which he is president

Just a Few Words . . .

THE time was shortly after the close of the Sixth War Loan Campaign and the place was Chicago. Quite a crowd had come together for one of those end-of-the-drive dinners familiar to all War Bond workers.

There were speeches thanking everybody, comparing results, checking back to see where they might have been better and a great deal of talk about so-and-so many millions of dollars. Then Renslow Sherer, the

Mr. Rathje and Lt. Comdr. Henry Lauerman, son of one of the bank's officers



quiet but thoroughly alert head of the Illinois War Finance Committee, stood up and began fixing a little pile of important-looking documents in front of him.

One was for Hank Knight, vice-president of the Continental Illinois National Bank and Trust Company, who had been chief pilot of the Sixth War Loan Drive for Chicago and Cook County. Others were for various individuals who had distinguished themselves in the work of raising money to win the war.

These documents stated with the usual formality that the Secretary of the Treasury wished to cite for special praise the splendid contribution—and so forth. When the citations had all been distributed (that is, all but one), Renslow Sherer reached under the table and brought out the last one. It was for Frank Rathje, who had been working quietly, with extraordinary success, as one of Hank Knight's chief lieutenants in the campaign. He had headed the O.C.D. house-to-house canvass, involving the management, organization and supervision of 30,000 volunteer workers. They had taken a quota of \$45,000,000 and raised \$58,000,000.

Frank took the citation, said nothing, sat down. Later, when the diners were about ready to push their chairs back and start for the checkroom, Frank asked if he could say just a few words. He confessed that his feelings had gotten a little the better of him at first but he wanted to say that he and everyone owed so much to America for its opportunities and freedom that any amount of work to preserve these things was small payment.

Like many men of action and few words, Frank Rathje often wears his heart on his sleeve. There was a certain afternoon, for example, which some of his friends know

An exchange of greetings in the bank with Sgt. and Mrs. Robert Storer of Chicago



President Rathje

about, during the anxious time labeled ironically as the Bank Holiday of 1932. Frank had just received word that his two banks had been approved for reopening. In a spirit of thankfulness he made a little journey, alone, to his mother's grave.

Lawyer, Banker . . .

In the period of bank failures years ago, neither of Frank's two banks required any notice for the withdrawal of funds by depositors. The banks often remained open long after regular business hours to pay out deposits as long as they were called for.

Before the moratorium in 1933 the banks had combined deposits of about \$20,000,000. When the moratorium was declared they had paid out approximately \$15,000,000. Today the combined deposits are around \$130,000,000.

The Rathjes have long been a banking family in Chicago. Louis Rathje, a cousin, founded the Chicago City Bank and Trust Company, and it was while serving as counsel for that bank that Frank had his introduction to the ins and outs of the business. For 25 years his law firm, Rathje, Hinckley, Kulp and Sabel handled the legal work of this bank and of the Mutual National Bank of Chicago. Frank has been president of the latter since its organization in 1917.

When Louis died in 1926 the directors of the Chicago City Bank and Trust Company voted to put the destiny of the institution in the hands of Frank Rathje. Both banks have had a continuing substantial growth, and their progressive policies have been responsible in large measure for the development of the suburban neighborhoods which they serve.

The new head of the American Bankers Association was born on a farm near Bloomingdale, DuPage County, Illinois on August 20, 1882. His parents were pioneer settlers of the state and the family was large,—four boys and five girls. Frank, the youngest, was educated at St. John's Military Academy, Delafield, Wisconsin, the Armour Institute of Technology, and graduated from Northwestern University in 1907 with a degree of Bachelor of Law. Later he was admitted to the Illinois Bar and practiced as the head of his firm.

Farmer . . .

Conforming to the ancient axiom that you can take the boy out of the country but you can't take the country out of the boy, Frank owns three farms, one of which he operates. Two others of 320 acres each are in Cottonwood County, near Windom, Minnesota, and the one he operates is 333 acres in size, located near Roselle, Illinois, near the place where he was born. Every year he feeds and markets 150 steers and about 200 hogs.

Twelve years ago he started raising Percheron horses.

The latest testimony to Frank's success in this venture is a finely set up colt, graced by the name ABA. In 1933 at the International Stock Show he bought the grand champion stallion, Cy Laet, and used him as his head sire for several years. At the latest International Show held in the International Amphitheatre, Chicago, in 1941 Frank exhibited a three-year-old stallion called Silver Dawn Konkarno. This stallion was judged the champion three-year-old, the champion American bred, the senior champion and the grand champion of the show.

Every Summer Frank invites a group of Chicago bankers to his Illinois farm for a steak fry and shows them his prize horses and cattle. His friends will tell you that he is not only like David Harum in his penchant for horse trading, but also displays marked judgment in his selection of cattle. He has served as president of the Percheron Horse Association of America and you can bet that young ABA, son of Silver Dawn Konkarno, will have plenty of free enterprise to make a name for himself in the world of Percherons.

Frank is 6 feet 2 inches tall, weighs 225 pounds and when he goes fishing he likes them big. Tarpon off Florida, marlin along the Mexican coast, tuna off Nova Scotia and black marlin as far away as New Zealand are subjects for true fish stories when he wants to tell them. He had a date with some marlin down Australia

A visit with a friend, S. B. Anderson, in the lobby



One of Mr. Rathje's hobbies is his 333-acre farm near Roselle, Illinois, where he raises Percheron horses. The illustration is a page from the November 1944 issue of **BANKING**, showing scenes on the farm

way in 1940, and before leaving gave his landlubber friends a thrill by displaying the massive tackle and gear needed to hook and vanquish one of these denizens of the deep.

Varied and Numerous Interests . . .

There has already been a hint in these paragraphs that Frank covers a lot of ground in his own work and in serving the communities. There is not space to tell all of it.

He is a member of the Chicago Plan Commission, a member of the board of directors of the Community and War Fund of Metropolitan Chicago, and chairman of the executive committee of the Illinois Bankers Life Assurance Company of Monmouth, Illinois. He has also served as chairman of the Regional Price Adjustment Board of the United States Navy, for the Ninth Naval District. Mr. Rathje is first vice-president of The Union League Club of Chicago and is a member of The Chicago Club, South Shore Country Club, Beverly Country Club, Metropolitan Club of New York, The Adventurer's Club, Economic Club of Chicago, Academy of Political Science and the American Geographical Society.

Mr. Rathje has been affiliated with the Masonic order for many years and is a Shriner. He is also a member of the American Institute of Banking, Association of Reserve City Bankers and past president of the Illinois Bankers Association.

He has acted as the standard bearer for the state banks in Illinois. He succeeded in getting the legislature to submit to the voters of Illinois an amendment to the constitution that would do away with the double liability on the shares of state banks so that they might be placed on a parity with the stockholders of national banks.

There was not very much in the way of popular appeal in such an idea, especially following in the wake

"... a finely set up colt, graced by the name ABA."



Hops, cattle and Percheron horses are cared for at the Rathje stable, above.

In these days when increasing efforts are being made to strengthen the dual system of banking, Mr. Rathje's knowledge of the functions of and the restrictions on both state and national banks places him in a position to make a valuable contribution to the Association's activities.



The farm manager's house on the Rathje farm.



The vice-president with a favorite Percheron.

VICE-PRESIDENT RATHJE is a leader in Chicago civic affairs. After Pearl Harbor, he achieved extraordinary success in converting the civilian defense organization into a bond selling team. He has had charge of the black-by-black War Loan solicitations, regarded as one of the most effective programs in the country, and has served on the advisory committee of the Metropolitan Chicago Victory Fund. In November 1942 he was appointed to membership on the Regional Price Adjustment Board in his naval district.

MR. AND MRS. RATHJE have two sons and two daughters. One son, Theron, is in Officers' School at Edgewood in Maryland. The second son, Franklin, is a yeoman in the Navy, stationed at San Pedro, Calif. The oldest daughter, Josephine, is at home and in school at Perry Hall.

MR. RATHJE has about 15 Percheron horses, owned by Silver Don Kimbombe, in 1941 won the grand championship of the International Live Stock Show in Chicago.

Mr. Rathje views some of his purchased cattle.

Looking over the purchased Hampshire hogs.



of bank failures. The amendment was lost. However, Frank was not disheartened by the unfavorable turn in events. He decided that virtually the same objective could be obtained by having the Federal Deposit Insurance Corporation waive its right to collect the double liability. It is no secret that the trips he took to confer with the authorities in Washington were in a great measure responsible for the passage of the amendment to the FDIC act, which proved of great help to the state banks. He is continuing his efforts to place stock of state banks on a parity with stock of national banks.

Sons in Service . . .

Just 30 years ago, on October 16, Frank married Josephine Logan of Chicago. They have two sons, Theron and Franklin, and two daughters, Josephine and Shirley.

Theron is 6 feet, 6 inches tall and his father calls him "Buckshot." He graduated from the School of Chemical Engineering, Cornell University, and is serving with the Chemical Warfare Division of the Army. The other son, Franklin ("Buckskin"), is just a short little fellow of 6 feet 3 inches and is in the Navy somewhere in the Pacific area. He is a graduate of Northwestern Military Academy, Lake Geneva, Wisconsin.

WILLIAM R. KUHN

★ BUILDING FOR THE FUTURE ★

Lending Practices That Encourage New Building

MILES L. COLEAN

In this article Mr. COLEAN expresses the view that present-day conditions call for a long-range policy of depreciating home values as the property is used up. The solution to the housing problem, he believes, "can come only with a frank and determined facing of the question of depreciation."

IN A PROVOCATIVE address, which was the high point of BANKING'S Fourth Real Estate Roundtable, William A. Irwin transcended the economist's alleged frigidity to speak of the banker's responsibility for better housing. He spoke of the social and political dangers of slums and urged upon the financial interests the development of policies that would lead to their eradication and prevention.

I do not find anywhere in his speech that he would have bankers depart from the principles of economic soundness in carrying out these policies. But I do find him insisting that economic soundness is not a sufficient guide if the lender's horizon is limited by his ledgers. And to emphasize this, he recalled Adam Smith's admonition that the successful operation of a private enterprise economy depended upon "enlightened self-interest," with emphasis on the "enlightened."

There is one point in particular where I believe that an enlightened self-interest has not been sufficiently shown in traditional mortgage lending practice. This is in our attitude toward depreciation. Consciously or not, we have concerned ourselves with the indefinite preservation of values rather than with a long-range policy of depreciating value as the property is used up. We have been content to lend and relend on the same properties instead of using the financial mechanism as a positive means of broadening and balancing the total supply of houses.

IN order to preserve values, we have countenanced overcrowding and indifferent maintenance as a means of sustaining income in face of the clear evidence of physical deterioration. And consciously or not, we have not encouraged new building beyond a limit that would still permit the older, crowded, deteriorated structures to be kept in use.

We clearly cannot hope to provide decent housing for all American families and at the same time indefinitely preserve values. On the contrary, we must be willing to see values decline as properties age, and we must be willing, and able, to discard them when they have passed a reasonable period of utility. In no other way can a

sufficient amount of housing be made available to families of low income, and through no other means can we avoid cluttering our cities with structures that survive because we haven't enough decent housing to go around.

A while ago, the *Wall Street Journal* quoted a prominent industrialist as follows: "Some have an idea that the reason we in this country discard things so readily is because we have so much. The facts are exactly the opposite—the reason we have so much is because we discard things so readily. We replace the old in return for something that will serve us better."

It need hardly be pointed out that this principle, which has been at the basis of our industrial progress, has not been generally applied to housing. We have, instead, nurtured the idea that the homebuyer might expect to make a profit on his original investment, irrespective of the period of using the property—the very reverse of what the automobile buyer has been told about his purchase. And we have followed lending practices that reinforce this notion.

ONE of the roundtable speakers squarely put the issue when he referred to current refinancing of loans at or near original values: "While the average interest rate on the refinancing loans had gone down by about a one-half of 1 per cent, I think, in relation to the rate on the loans when they were made five and 10 years ago, over 80 per cent of the amortization which had been paid since these loans were made was given back to the owner in the new loan. In other words, the new loan lacked by only a small percentage being just as large as the original loan was five and 10 years ago. I can't see the purpose of amortization if lenders are going to lend it right back again. It seems to defeat the whole idea."

It may be agreed that the present situation is merely a reflection of an unusual scarcity in the market. While conditions today are plainly abnormal, the cold fact is that the housing market has always been influenced by scarcity. Through the years we have barely managed to produce new houses at a rate to keep up with the increasing number of families. We have consequently been forced to retain indefinitely as many of the old structures as could be made to stand. Only in unusual cases have removals taken place other than because of fire or collapse or because the demolition was forced by a different kind of land use.

During the Twenties, we did for a few years produce new dwellings at a faster rate than new families were being formed. But this so-called overbuilding was of a

very specialized sort, built at an artificial price level, aimed for the most part at a greatly overestimated high-income market, and so constructed as to be badly adapted to the maintenance capacity of lower income families. This splurge resulted in loss in value among the limited class of properties affected and a disruption of the rental market at the top, but it left relatively untouched the general problem of a gradual and orderly depreciation of value throughout the existing supply.

With the subsequent slump in construction, which brought the rate of new building much under that of net additional families and which consequently more than ever required the retention of old structures, we embarked upon a new method of attack—public housing.

The resort to public housing may be attributed to two things: (1) The failure to recognize that the dwelling is a consumable commodity, the value of which must be gradually depreciated, and (2) the failure to produce enough dwellings of a modest character, which, as their values depreciate, may still be economically maintained by families of successively lower income.

Public housing short-cuts the problem by providing new structures which become available at once to low income families through the process of writing off 50 or more years of value depreciation with a public subsidy. Carried on in quantity, it would complicate the problem of an orderly depreciation of the private supply and might ultimately result in real loss of value in structures still capable of use. Public housing can be accepted as an expedient necessary to relieve the serious pressure resulting from past maladjustments in production, but it offers no real solution to our problem.

The solution can come only with a frank and determined facing of the question of depreciation. Our present methods of handling amortization, as already pointed out, do not do this. Undoubtedly this is partly due to the wide use of the constant payment plan for the sum of interest and amortization. The constant payment plan implies that the earning capacity of the property—and consequently its value—will remain constant at least for the term of the indebtedness. It has the advantage of simplicity, but it maintains an economic fallacy.

It would be more in keeping with the needs of an orderly market if the declining annuity principal were applied to mortgage lending. Under this plan, attention is clearly called to the regular writing-off of the investment, and the regularly declining total carrying charges give further notice to the property's changing status.

Under this plan, the period for complete amortization might advisedly be extended in relation to the estimated economic utility of the property rather than limited to the agreed term of the loan. The question may be raised that whenever the term of the loan was less than the amortization period, the old difficulty of a large final payment would be revived. It is doubtful that this actually would be the case, since, at the depreciated basis, refinancing or sale should be possible without great risk of loss. Furthermore, the gradual re-



This old down-town New York building, which once housed James Monroe, President of the United States, is now a junkman's headquarters

duction of carrying charges should increase the safety of the loan during the period for which it is written, and should make it easier for the borrower to make additional payments in good times in order to anticipate the final discharge of the debt. The plan is also more susceptible than the constant payment method to adjustments in the loan to cover substantial improvements made in the property during the loan period and so may be the better used as an incentive to good maintenance.

Ernest Fisher has reminded me that there is a long step from sound amortization policies to the actual depreciation of the values of obsolescent properties. That certainly is the case; and admittedly the problem goes beyond what can be accomplished through lending policies alone. Nevertheless, the policy of lenders does affect the situation; and in the past it has often served to condone or abet rather than to counteract a dangerous tendency.

This suggestion, therefore, is not offered as a panacea, but merely as one possible and important tool in meeting the critical needs ahead—needs for more new houses, for the better maintenance of existing houses, for the gradual writing down of values, and for the final removal of houses when they become unfit to live in. It is a tool that would help in achieving what Bill Irwin sought, when he said at the February meeting: "It seems to me that if we are wise about the future—banking, business men and all—and read carefully the signs that are written in letters of fire on the skies of the world, we will begin to realize that one of the things we do need is to take people and give them in some way or other decent living quarters. I think it is our responsibility to do what we can to see that this ideal is reached."

NEWS ABOUT BUILDING

The biggest "news about building" was the War Production Board's announcement, as BANKING went to press, that wartime restrictions were being lifted October 15 and that a six-point program to speed construction was being undertaken.

Mortgage Loans During Construction

THE new booklet, "Mortgage Loan Advances During Construction," published by the Department of Mortgage Research and Real Estate Finance, American Bankers Association, points out some basic precautions to consider when these loans are made.

Dr. Ernest M. Fisher, director of the department, says in a foreword:

"All elements of the construction industry are looking forward with eagerness to a tremendous volume of home building in the coming decade. Numerous estimates have been hazarded of the probable extent of the post-war demand for new homes; and, although they vary widely, the greater number are in the neighborhood of a million dwellings a year for the first 10 years.

"These are impressive figures, especially when it is recalled that the largest number of dwelling units ever built in this country heretofore in one year was 937,000 in the boom building year of 1925.

"As the institution longest established in the mortgage lending business, the banks should be in a preferred position to serve the needs of the army of home builders who will need financial assistance in the projects they are so eagerly anticipating.

"In the early years of peace, competition for home mortgages will be keener than at any previous time in our history. Since new building is expected to account for a large part of the market, banks must be prepared to finance new building in such a way as to meet the requirements of borrowers. An essential part of their lending programs will be the single transaction that covers both the making of advances during construction and the long term mortgage on the completed dwelling. This type of transaction provides an opportunity for banks to maintain or increase the volume of loans in their mortgage portfolios, to know better the value of the security behind these loans, to enlarge the scope of their contacts with their depositors, and to confirm their position as leaders in their communities.

"Accompanying this opportunity is an equivalent responsibility. In an expanding mortgage market, banks as the leading lending agencies must exert their influence against overexpansion, inflated prices, lowering of standards, and the chaos that inevitably follows such practices. In the post-war period mortgage lending will need to be nearer an exact science than ever before. The bank that engages in mortgage lending must make use of all the means that have been developed to provide a substantial basis for the exercise of informed judgment and to point to coming changes in the eco-

nomic conditions that influence the mortgage market."

The booklet offers suggestions for procedure in making advances on mortgage loans during construction, and also contains a résumé of the procedure and forms used by three banks with considerable experience and success in this field of lending.

Toledo's Plan

"Toledo Tomorrow," a model of Toledo, Ohio, as it could be transformed by a master plan into a city for the future, has been created by Norman Bel Geddes, designer, and a staff of expert consultants, who spent 18 months in research and in study of Toledo and its special problems.

Recommendations for planning the city have been shown graphically in the huge scale model which can be studied for future improvements. Every building and topographic feature of the metropolitan area are constructed exactly to the horizontal scale of one inch to 100 feet. The model is 61 feet in diameter and reproduces in miniature an area of approximately 150 square miles.

The principal features are:

- (1) The nation's first union terminal for the three major types of public transportation—air, rail and highway.
- (2) A network of airfields, including a downtown passenger airport which would bring the largest of tomorrow's airliners into the heart of the city.
- (3) Consolidation of railroad lines, yards and terminals within the metropolitan area.
- (4) A system of congestion-proof express highways—fed by a network of interconnecting roads.
- (5) Beautification of the riverfront and development of the lower river and Maumee Bay areas for commerce and industry.
- (6) Patterns for "communities" within the city for easier and more efficient daily life.

Problem Areas

Raymond M. Foley, Federal Housing Commissioner, in a recent New York address, mentioned the "problem areas" for the building industry. "They are," he said, "in the low-rent market, in proper shelter for our minority groups, in the low-cost mass market for home owners, in rural home betterment and country homes, in urban redevelopment and in the sphere of veteran aids."

"That," he added, "is an imposing list. It challenges the best minds in the industry. This means not only that part of the industry of which we think when the word 'builder' is mentioned. It means also the keepers of investment capital. It means the suppliers of materials, the fabricators, the designers, the inventors and the developers of land. It applies to labor, to municipal building departments, to tax authorities and governing bodies in charge of zoning and health safeguards."

Building a Mortgage Prospect List

HOWARD B. SMITH

The author, assistant director of the Research in Mortgage and Real Estate Finance Department, American Bankers Association, and formerly mortgage analyst of the Worcester County Institution for Savings, Worcester, Massachusetts, tells how this bank built a home mortgage promotional program around leads obtained from its War Bond safe-keeping accounts.

ONE of the most popular and appreciated services the Worcester County Institution for Savings has ever offered to the public is its free custodianship of War Bonds. Over 8,300 depositors have used this service, and at present the bank holds in its vault 70,000 bonds with a total face value of over \$8,300,000. Since this bank does not operate a safe deposit business, and consequently has a securities and cash vault of not more than normal size, it is only a question of time when available storage space will be inadequate. The safe-keeping system was devised by one of the tellers in the bank, Harry C. Prince, and it has operated in this bank and several others with very satisfactory results.

Besides the goodwill which this service has engendered, and about which the bank has received many expressions of appreciation, there have been some tangible by-products. New savings accounts were opened by 2,350 War Bond depositors, with initial deposits averaging over \$180. The way in which home mortgage leads were developed from these accounts is described below.

Early in 1945, following the conclusion of a series of plan-your-home club meetings in which the bank co-operated with four other banks and a leading building supply firm, the officers decided to embark on a promotional program of their own called "Tomorrow's Home Club." They were inspired by the success of the promotional programs of the Dime Savings Bank of Brooklyn and Holyoke (Massachusetts) Savings Bank, both of whose plans of operation they had studied. They were unanimously of the opinion that depositors with

War Bond safekeeping accounts were the best possible source of a prospect list for the club. As a test it was decided to send the initial announcement only to the 4,200 depositors whose bond holdings totaled \$500 or more.

A letter was written to this group by the home service department, outlining the bank's plans for assistance to prospective home builders and inviting them to join the club. The first mailing to club members was to be a booklet of small colonial house plans which had been distributed by the Savings Banks Association of Massachusetts.

To the surprise of the bank staff and its advertising counsel, 1,021 reply cards were returned within 30 days—a 25 per cent initial response. The bank officers decided that this was a large enough group to justify the launching of the club, and consequently they have made no public announcement, although they are constantly adding names to the membership list.

Aside from participation in a monthly home plan service, the bank had no definite plans for more than two or three months' mailings. It was planned to utilize material obtainable from national advertisers as far as possible, supplemented by whatever else might seem timely as the club progressed. This decision was made

War Bond safekeeping forms

[illegible]

Today's Bonds
are Tomorrow's Homes

TERMS FOR SAFEKEEPING

The Worcester County Institution for Savings has received for safekeeping without charge the within securities issued by the United States and redelivery to any one of the then owners (or order), or to the person presenting this receipt, or to any one of the persons who in the opinion of said Institution is



WORCESTER COUNTY
Institution for Savings

MAIN & FOSTER ETC

U. S. SECURITIES FOR INVESTING

DATE _____ MONTH NO _____

Series _____ DEPOSIT _____

in Worcester County Institution for Savings

Name _____

Pay to _____

AT \$100.00

| NO. DEPOSIT | AMOUNT DEPOSITED | MATURITY VALUE |
|-------------|----------------------|----------------|
| | \$10.00 | |
| | 25.00 | |
| | 50.00 | |
| | 100.00 | |
| | 500.00 | |
| | 1,000.00 | |
| | TOTAL MATURITY VALUE | |

U. S. SECURITIES for SAFEKEEPING

DATE _____ BOOK NO. _____

WITHDRAWAL

| BOOK NO. | TYPE | MATURITY DATE |
|----------------|---------|---------------|
| | 25.00 | |
| | 50.00 | |
| | 100.00 | |
| | 500.00 | |
| | 1000.00 | |
| TOTAL MATURITY | | |

Amount in Dollars _____

Monetary Value U. S. Securities, (numbers appearing on reverse side).

Name _____

Present Address _____

City _____



"Tomorrow's Home Club" promotion material

with the full realization that the bank would be assuming some responsibility for the products of the advertiser. This necessitated careful choice of product as well as subject matter. BANKING was of real assistance to the bank in making contacts with advertisers. After considerable experience with construction loans in the thirties, the bank is firmly convinced that a house constructed with well-known makes of equipment is a better mortgage risk than one containing less familiar products.

THE bank is glad to cooperate with local suppliers in the distribution of literature about their products, as it can foresee the possibility of tremendously valuable reciprocal relationships. Besides using the imprint of the dealer, the bank has included its own imprint and personalized the mailing by stating that the circular is being sent with the compliments of one of the mortgage officers in the home service department.

In addition to building up its own collection of home plans, bulletins, and books, the bank enlisted the aid of the local public library in compiling a list of available books useful to home builders, and included a partial list of these books in one of the mailings.

While the bank does not have a staff architect, it has working arrangements with a local architect so that his services are available for consultation by any club member.

Realizing that when the deterrents to construction are finally removed there will be a tremendous scramble, the bank is urging and assisting club members to make as definite plans as possible during the waiting period. The biggest obstacle is the inability to obtain any firm idea of post-war building costs. At present the bank feels that the best it can do is to advise that in all probability the early post-war housing will cost at least 25 per cent more than did comparable construction in 1939-1940.

SEVERAL home builders in Worcester undertook the construction of pilot houses under the H-2 program last Winter and Spring, and despite the fact that they were experienced operators they were unable to keep their costs within ceiling limitations. Consequently, they are not too anxious to discuss firm contract prices with individuals. The bank realizes that eventually this situation will change, and as a means of assistance to both builders and club members it is sending with each mailing a picture of one of the builders with whom it has worked, together with pictures and descriptions of some of his housing.

It may very well happen that a large percentage of families now planning to build their own homes will buy ready-built homes. If they do, the time they have spent in planning should stand them in good stead. The bank feels that most club members, in recognition of the service the bank has rendered, will come to it for financing whether they buy or build.

In Worcester and its environs the problem of procuring good home sites is difficult, as it is almost impossible to find tracts of more than one or two acres of land suitable for building without extensive grading. The bank is constantly building up files of information on available home sites, and finds it is a very much appreciated service.

WITH a certain percentage of each mailing the bank is enclosing an announcement of a newly published book of home pictures and plans which may be obtained only by calling personally at the home service department. When a member makes such a call, the mortgage officer obtains sufficient information during the interview to enable classification of club membership. A file is prepared for all active prospects so that they can be serviced in whatever manner seems most effective.

While the bank is not at present writing the greatest volume of home mortgage loans in its territory, it is constantly striving to write the best loans. This program is another step in that direction.

THE A. B. A. WORKS and PLANS

Proper perspective on the post-war pattern of banking perhaps can be gained more accurately by a quick, retrospective glance at the achievements during the past year—a period filled with world-important events.

THE demands made upon American banks by global war have been replaced by the demands of reconversion and reorientation to peacetime living. That bankers made a substantial contribution to the winning of the war through early mobilization of their resources—spiritual, intellectual, economic and operational—is attested by the record and by the abundance of goodwill they created with the Government, industry, and the public generally.

This has been achieved, in a considerable measure, by cooperative effort, stimulated and coordinated by the various bankers associations. These agencies have long been active in formulating programs to assist the banks in charting their course through the hazardous reconversion period and these plans are now being translated into actuality.

Proper perspective on the post-war pattern of banking perhaps can be gained more accurately by a quick, retrospective glance at the achievements of the American Bankers Association during the past year—a period filled with world-important events.

This backward look at the Association's year is in the form of excerpts from committee, commission, council, division and section reports to the Administrative Committee and obviously cannot be in detail or all-inclusive, but will serve to indicate the breadth of the A.B.A.'s activities. Since no annual convention will be held this Fall, these reports will be printed in full and made available to the Association's members at a later date.

Agricultural Commission—C. W. Bailey, president, First National Bank, Clarksville, Tennessee, Chairman



FIRST place on the commission's program for the year was "Keep Agriculture Financially Sound." An illustrated brochure on this subject was sent to all banks late in 1944 and was distributed widely among farm lenders.

At the request of the United States Treasury, a special program was undertaken with the aim of encouraging farmers to enlarge their financial reserves by increased ownership of War Bonds. It is estimated by the War Savings Staff of the Treasury that over a thousand meetings were held in agricultural counties as a result of this drive.

For the fifth consecutive year the Agricultural Commission issued a bulletin showing bankers and farmers the latest official data in graphic form on real estate price changes in every state, and warning against the dangers to both the farm and the bank in the present situation. The greatest inflation of farm product prices

and of the values of farm real estate at the time of the last war occurred not during the war but after the shooting stopped.

Farmers are likely to increase greatly their purchases of farm machinery and equipment within the next year. Work is under way to prepare a manual on farm equipment financing in cooperation with the Post-War Small Business Credit Commission and the Consumer Credit Department.

Last year the 1,000-point goal was met by 37 state bankers associations, and this year an even greater achievement is being written.

The vast programs of the War Food Administration and particularly those of its financial agency, the Commodity Credit Corporation, have had the close attention of the commission. Recently a cotton financing plan has been worked out between the CCC and the commission that is being given wide attention in the South. Negotiations are going forward for similar programs in connection with grains.

The A.B.A. has continued to ask for the Farm Credit Administration investigation. Twice during the past year its representatives have testified before the House Committee on Agriculture, have reminded the committee of its promise, and have urged that the investigation be started.

The importance of maintaining soil reserves is no less important than that of maintaining an Army and Navy of sufficient size to meet the exigencies of peace. With this in mind, the commission is outlining a plan of cooperation for state agricultural committees to support Federal and state agencies of soil conservation.

Bank Management Commission—William A. McDonnell, vice-president, Mercantile-Commerce Bank and Trust Company, St. Louis, Missouri, Chairman



PROBABLY the outstanding project of the year was the introduction to the banks of the check routing symbol plan. "Key to the Numerical System," published annually, was issued in a new format and the new issue contains the routing symbols assigned to the banks as well as transit numbers.

New transit instructions were suggested for adoption by the banks, effective March 1. A booklet entitled "Special Checking Accounts—Operating Procedure" was issued and mailed to member banks.

A study has just been completed and issued to member banks dealing with the many complications and

technicalities in Federal taxation. The commission is working on refinement of its bank money order plan to provide a new one; also is working on plans to streamline the computation of the deposit base for FDIC insurance.

The commission is reviewing check standardization and simplification.

The eighth annual study has been published containing ratios based on earnings and expenses of insured commercial banks. The commission is conferring with the Post Office Department to improve its burdensome and expensive procedure in the collection of "outside" money orders.

Commerce and Marine Commission—Fred I. Kent, director, Bankers Trust Company, New York, Chairman



DURING the war the work of the Commerce and Marine Commission was confined largely to the measurement of those forces which developed that were expected to have an influence on business and industry in the United States and the world in the post-war period.

Undoubtedly the size of the actual war expenditures with all its waste has had the psychological effect upon Congressmen of leading them to feel that millions of dollars or small numbers of billions added to the billions upon billions that are being expended is so small in proportion as not to be worthy of careful consideration. But, if we are to save our country from unnecessary hardship or bankruptcy, Congress must begin to think in thousands and millions of dollars instead of in billions . . .

If we would prevent the present world trends toward destructive dictatorial government that are the result of the working of these two forces (fear for post-war jobs and post-war enterprise and the desire for power on the part of those who would utilize the large number of persons who are represented in the labor groups to accomplish their own ends) from engulfing the nations and laying the foundations for another war, we must take them seriously and through education develop understanding that will allay fear and control those who would be dictators.

Commission on Country Bank Operations—K. J. McDonald, president, Iowa Trust and Savings Bank, Estherville, Chairman



THE three major programs on which the commission concentrated this year were: (1) A comprehensive, confidential cost analysis of country banks; (2) a study of correspondent bank relationships from the point of view of the country bank; and (3) preparation of a service charge manual for country bank

use. Two of these activities—the cost analysis and the correspondent bank work—have already been completed,

and the service charge publication will soon be off the press.

The cost analysis program is being repeated. Early in September all country banks with resources of \$7½ million or less were invited to take advantage of this constructive Association service.

Closely related to the cost study is the study of service charges from the country bank point of view for a year and a half. Out of this research will come a simple, understandable manual covering the entire field of service charges from types of charges to installation of a system and preparation for public acceptance. This will be written by country bankers and is designed for country bank use.

The correspondent bank relationships survey of more than 3,000 representative country banks was used as a basis for the commission's report.

The commission will meet early in October to make its plans for the coming year.

Credit Policy Commission—Hugh H. McGee, vice-president of Bankers Trust Company, New York, Chairman



THE Credit Policy Commission is considering recommendations for revision of Regulation W to remove restrictions on loans made to individuals for the purchase of consumer durable goods. It is evident the regulation should be modified in this respect in relation to the production of consumer durable

goods and availability of labor and materials for home repairs.

The commission reports upon a successful conclusion of its V-loan program which financed industries producing war materials with billions of dollars of needed credit. About 1,400 banks participated in this program. We are now ready with T-loans to finance industry following termination of war contracts until peacetime production can be resumed. While there has not been any large demand for termination loans, this procedure has been valuable in meeting the needs of small industries which were hampered in the change-over because a large share of assets was tied up in machines and inventories of wartime materials.

Economic Policy Commission—Leonard P. Ayres, executive-vice-president, The Cleveland Trust Company, Chairman



THE Bretton Woods proposals occupied the attention of the Economic Policy Commission during the year. Working with the A.B.A. Advisory Committee on Special Activities, the Committee on Federal Fiscal Policy of the Association of Reserve City Bankers, and the Study Committee on Post-War

Problems of the Bankers Association for Foreign Trade, the Association had written into the acts as passed

provisions which it is believed will in some measure safeguard the interests of the United States and will improve the operation of the international monetary machine. The amendments fell short of the thoroughgoing revisions proposed, but they do clarify the interpretation placed by the Congress on the statutes of the Fund and Bank, and, together with the congressional and public discussions, will support the management of these institutions in pursuing sound policies.

Four bankers—Messrs. Burgess, Hemingway, Fraser and Ayres—appeared at congressional hearings to present the point of view of the banking associations.

President Burgess appeared before the House Committee on Banking and Currency in behalf of the Association and Committee on Special Activities Chairman Hemingway filed a letter to support a bill to increase the lending authority of the Export-Import Bank, in accordance with the proposal previously noted in the report on Bretton Woods. In his testimony Mr. Burgess advocated that the bill should include a statement as to the relationship between this bank and private enterprise, and some statement of standards as to the quality of loans. In response to this suggestion amendments were included in the bill before its passage by the House and the Senate.

Earlier in the year Mr. Burgess appeared before both the House and Senate banking committees in connection with a reduction in the reserve percentages of the Federal Reserve System.

In most of these cases the Association has been able to approve the objectives and principle of the proposed measures but has opposed features they have believed unsound and has suggested amendments.

Post-War Small Business Credit Commission—Robert M. Hanes, president, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, Chairman



ORGANIZATION of 41 bank credit groups with resources in excess of \$600 million to meet the needs of medium or small sized business during the post-war period is the constructive answer given exponents of government credit by the privately owned federally and state chartered banks.

We have under consideration the adoption of a standard form of loan participation certificate that will avoid a variety of texts of loan participation certificates and loss of time in supplying the credit sought by the applicant. It would also seem practical for each bank credit group to adopt and agree upon a general form of local term agreement and also perhaps a revolving loan agreement.

We are making arrangements for a system of simple reports which will be made monthly by each group and compiled at A.B.A. headquarters in order that information on bank credit activity will be immediately available.

The first joint meeting of the chairmen of the 41 bank credit groups and representatives of the Post-War Small Business Credit Commission and of the

Credit Policy Commission was held in New York the end of September to discuss future credit plans.

Public Relations Council—William H. Neal, vice-president, Wachovia Bank and Trust Company, Winston-Salem, North Carolina, Chairman



THE record of war service performed by banks has profoundly impressed the public and raised banking and bankers to a higher level of public esteem. This upward trend must be maintained. Never has chartered banking had so great an opportunity to establish itself permanently in public confidence.

Banks now have a chance to serve the American people more completely than ever, and to build up great reserves of goodwill.

We cannot meet the challenge of these situations without a vigorous and continuous program of public relations. Steps should be taken soon to make an expert survey of public opinion regarding banks. This would be of immeasurable value in planning advertising copy, news releases and selling programs both at the national level and the local bank level.

It would be helpful if more state associations would set up active public relations committees. It would also be helpful if the council next year would define and outline the activities of a standard public relations program for member banks, perhaps using a series of "how" booklets.

It is suggested that the A.B.A. continue to urge members to give public relations functions a permanent place in individual bank management by fixing responsibility for a continuing program in a special department in larger banks and placing responsibility, in smaller banks, on a capable officer as a part time job. A program must have the active participation of top executives.

In their programs banks should be urged to include such activities as development of constructive customer relations, advertising, publicity, business development, and organization of the bank staff into a selling force. Steps should be taken to encourage the training of competent public relations technicians, or sales managers, to direct the programs in individual banks.

Committee on Public Education—Frank M. Totton, second vice-president, The Chase National Bank, New York, Chairman



THE newest phase of the committee's work has been the preparation of speech material on the GI act. A set of five talks on the general and financial provisions of the act has been issued, of which 5,600 copies have been distributed.

Two new talks were prepared for the Sixth War Loan drive and four more were released for the Seventh War Loan, making a total of 45 prepared and distributed since the inauguration of the War Savings program.

Three talks have just been prepared by the committee for use of bankers in addressing rural young people's groups, such as 4-H Clubs and Future Farmers of America.

Research Council—Raymond N. Ball, president, Lincoln-Rochester Trust Company, Rochester, New York, Chairman



DURING the year the council has prepared analyses of the Wagner-Murray-Dingell and other bills pertaining to social security. It has briefed arguments for and against measures proposed from various sources. Members of the staff have met with the subcommittee as the occasion has required, to discuss developments in which the Association has an interest, particularly federalization of unemployment compensation and experience rating. Contacts are maintained with agencies concerned with social security laws.

The council has prepared statistical information for the use of the Subcommittee on Federal Deposit Insurance Study. An intensive study has been made of bank earnings and their relation to deposit insurance assessments, to bank reserves, to losses, and to interest received on U. S. Government securities. Detailed work on bank earnings has been in process most of the year for the benefit not only of this subcommittee, but also of committees and departments generally.

For its own use, the council has done preliminary work on a study of the possible shifting of bank deposits in the post-war years. For the nation as a whole, it is possible to arrive at a rough approximation of future deposit totals and to foretell their trend.

An increasing number of inquiries have been made by members concerning foreign affairs. The file on post-war planning built during the war years has begun to yield returns as the country reverts to peace.

Committee on Consumer Credit—Carl M. Flora, vice-president, First Wisconsin National Bank, Milwaukee, Chairman



THE final results of our 1944 survey showed that approximately 10,600 banks throughout the country would be engaged in some phase of consumer lending.

During the past year the committee assisted in preparing a manual of operations on the "Blue Triangle Plan." Approximately 42 state bankers associations have requested full information and manuals describing the plan, with at least six states requesting permission to adopt it.

A manual of operations has been prepared on the subject of home appliance financing and a manual on aircraft financing was prepared and distributed. The increased interest that is being shown in the direct method of financing automobiles was evidence of the need for a

study on this phase of consumer lending. A manual of operations, "Direct Automobile Loans to Purchasers and Owners" was prepared and distributed.

The committee reports progress on the establishment of a nationwide collection system for banks. The committee is continuing to cooperate with many trade associations, both national and statewide. Because of its many specialized types, consumer credit presents an invaluable aid in the development of correspondent bank relationship. The committee does not favor or agree with the philosophy of selective credit control.

Regulation W and a national program of educating banks appear to be two of the most important subjects which will affect the development of consumer credit in the post-war years.

Committee on Federal Legislation—F. G. Addison, Jr., president, Security Savings and Commercial Bank, Washington, D. C., Chairman



THE committee had one of its most active years. Most of its activities centered on legislation before the present Congress during its recent seven-months session.

The Bretton Woods Agreements were studied by the Association's Advisory Committee on Special Activities, and a report was made

in February. President Burgess, former President Hemingway, chairman of the Committee on Special Activities, and the late Leon Fraser, as a member of the Federal Legislative Committee, presented the position of the A.B.A. at the congressional hearings.

The Subcommittee on Agricultural Credit held several meetings to consider specific bills before Congress, and also the question of competition of government-subsidized agencies. Witnesses testified at hearings on H. R. 2113, to amend the operation of the Federal Land Bank System, and H. R. 3422 to set up an independent "Agricultural Credit Agency."

The Association sought an amendment to the GI act to enable national banks to participate in real estate loans to veterans, and also supported other changes in the guaranteed loan provisions, but no amending bills have been passed as yet. The committee will present the position of the Association when hearings are held.

The Subcommittee on Mortgage Financing and Urban Housing filed a statement with the Senate Committee which was considering post-war prospects and problems in housing. The statement covered the position of banks in the mortgage lending field and the responsibility of private enterprise to provide homes in the post-war period. This field will become more active in the future and the subcommittee is prepared to cope with problems that will arise.

The committee was finally successful, after several years effort, in obtaining introduction of a bill providing a six-year statute of limitations for government checks. Both the Treasury and Comptroller General reported favorably, and the bill was passed by the House. Its enactment into law seems assured.

The committee also interested itself in legislative proposals for the financing of small business, the freezing of bank holding companies, the fiscal control of government corporations, and absorption of exchange charges.

Throughout the year the subcommittees on Postal Savings, FDIC, Bankruptcy, and Social Security have carried on their functions relating to problems in their respective fields.

Insurance and Protective Committee—Fred B. Post, president, State Savings Bank, Ionia, Michigan, Chairman



CHANGES since May of this year underline 1945 as marking the year of greatest advances in the history of bank insurance.

In premium dollars, these latest concessions represent annual savings in excess of \$3 million and equal the decrease proposed by our committee last March. Added

to other reductions in blanket bond premiums from 1936 through 1943, which aggregated \$9.1 million, the premium adjustment in May built the annual savings in the cost of bankers bonds to the grand total of \$12.1 million plus. These reductions constitute recurring annual dividends and do not include downward adjustments granted by underwriters at London Lloyd's.

Broader blanket coverage is now available to all banks, small and large, at costs well below the lowest priced narrower bonds of two years ago.

Crimes of violence against banks showed a definite upward turn during the current fiscal year as compared with a year ago. Whether this unfavorable turn is the forerunner of another bank crime wave remains to be seen. Meanwhile, it is, of course, incumbent upon banks to be alert against any possible attacks by criminals.

Ration Coupon Banking Committee—Wilbur F. Lawson, vice-president, First National Bank, Boston, Massachusetts, Chairman



THE committee has been in continuous contact with the office of Price Administration for three years. A great number of problems have been discussed and settled.

During the past year a revision of the reimbursement schedule was made at the insistence of the OPA. The committee entered into a

series of negotiations with the OPA and finally reached an agreement whereby instead of the cut first proposed a compromise was reached.

In March the OPA proposed that it take over the ration banking process on a basis which would eventually place the entire operation in the hands of eight central offices of the agency. Vigorous protest of this committee supported by factual evidence of the cost involved, later confirmed by further OPA studies, resulted in the dropping of this scheme.

Committee on State Legislation—G. O. Thorpe, executive vice-president, First and Lumbermen's National Bank, Chippewa Falls, Wisconsin, Chairman



KANSAS, New Jersey, Vermont and Wisconsin have been aided in revising their banking laws. The committee has had definitely in mind for years the preparation of a model state banking code. It intends to complete shortly an important initial step—a list of subjects pertinent to such code, which

will serve the purpose of a standard outline for a digest of state banking laws.

Following the precedent of the 1939 "Bank on Wheels," a statement of the condition and earnings and expenses of a hypothetical state bank and a national bank with identical assets and earnings has been sent to each state, and local bankers throughout the country have computed aggregate taxes for the 1945 state and national "Bank on Wheels." Interesting and valuable statistics are being compiled.

Enactments in 1945 have been many, varied, and significant.

Committee on Service for War Veterans—Chester R. Davis, vice-president, Chicago Title and Trust Company, Chicago, Illinois, Chairman



ON April 16 a detailed report of progress was submitted to the Administrative Committee. The activities and certain recommended legislative changes were approved for presentation to governmental authorities. Since April, the committee has continued work on the following phases of its program:

An amendment to the entire Servicemen's Readjustment Act, sponsored by the House Committee on World War Veteran's Legislation and coming as a climax to its own investigations and public hearings on various aspects of the GI act, was passed by the House on July 18. It is now before the Senate Finance Committee.

Title III of the act contains the substance of several important changes recommended by the A.B.A. committee and discussed by its chairman in his statement to the House committee.

The committee is constantly broadening its contacts with the Veterans Administration, with other government authorities, with veteran groups, etc.

A survey covering every bank in the country designed to furnish factual information regarding the veteran loan situation as it applies to banks is being rapidly completed.

The committee has completed a study of a group of representative banks for the purpose of obtaining details of their plans for reemploying and retraining their service personnel when they return to banking.

Representatives of the committee are constantly appearing before groups in the Adjutant General's

(CONTINUED ON PAGE 141)

The Country Banker



Out-Servicing Government Competition

J. N. THOMSON

MR. THOMSON, vice-president and cashier, Bank of Centerville, South Dakota, and chairman, Subcommittee on Agricultural Credit of the Committee on Federal Legislation of the American Bankers Association, traces briefly the history of government-subsidized agricultural credit and the A. B. A.'s stand on this question.

A PERMANENT system of government-owned or supervised agricultural credit agencies seems to be developing. Whether or not this is one of the proper functions of government, it appears that Congress is now more or less committed to this philosophy.

The various steps on the route toward a complete and permanent governmental system of agricultural credit have not always been consistent, and many emergency measures for specific ailments have somehow been kept alive.

One of the earliest enactments of this nature was the Federal Farm Loan Act of 1916, designed to create a permanent cooperative system of long-term loans on farm land under governmental supervision and with temporary governmental financial assistance. Our entry into World War I created abnormal agricultural conditions before the system had time to function in a normal manner, and the depression of the Twenties contributed to the enactment of the Intermediate Credit Act of 1923. Agriculture did not seem to recover very rapidly and Congress began passing all sorts of temporary credit measures, such as Feed and Seed loans, Regional Agricultural Credit corporations, and similar agencies. The Production Credit System was also created as a permanent cooperative lending agency with Federal funds and subsidization.

The Farm Credit Administration was established in 1933 by executive order and congressional action, in an attempt to eliminate some of the confusion and overlapping, and to provide a more complete and permanent governmental agricultural credit system.

Instead of simplifying the picture, however, additional kinds of loans were authorized, some designed to be purely temporary, some for relief, and some ap-

parently for political reasons with governmental inefficiency, extravagance, and regimentation.

Private credit agencies began to complain of unfair subsidized and socialized competition. Farmers resented the political control that was a natural corollary to government lending programs. The Federal Legislative Committee of the American Bankers Association under the leadership of A. L. M. Wiggins appeared again and again at congressional hearings on bills affecting agricultural credit.

A statement of the position of the American Bankers Association on socialized credit and government subsidized credit was enunciated in January 1943 by W. L. Hemingway, who was then Association president. This statement of principles was subsequently approved by Executive Council of the Association and later by resolution of the convention in New York, September 1943. The following sentences are particularly significant:

Our position supports the stand maintained by leading farm organizations as they oppose the control of agricultural credit by political forces.

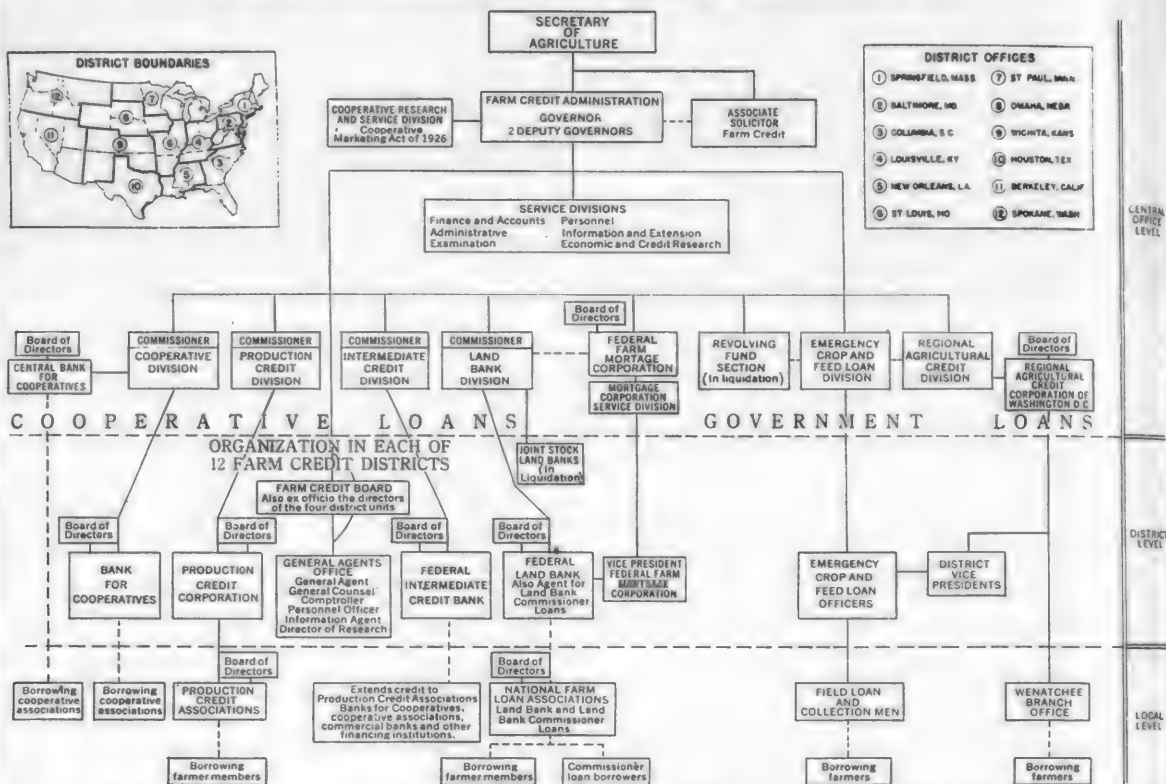
It is recognized that direct relief by the Government in times of serious economic stress may involve some granting of loans from public funds as a temporary emergency expedient. However, the continued practice of making uneconomic loans from public funds, without the adequate consideration of the ability of the borrower to repay and with the losses socialized at the expense of the taxpayers, violates the principles on which credit rests and thereby endangers the foundation of a sound credit structure.

We recognize the rights of farmers or any other group to establish, operate, and maintain cooperative credit enterprises. We believe, however, that such institutions should be operated on a self-supporting basis and that income should be adequate to cover the costs of operation, including credit losses. Continuing losses of any such institutions should not be subsidized out of the Federal Treasury.

The American Bankers Association believes that the agencies of the Farm Credit Administration should be farmer-owned and farmer-controlled cooperative credit institutions.

A subcommittee on Agricultural Credit of the Committee on Federal Legislation was thereupon created and has consistently been upholding and advocating the

PRESENT FARM CREDIT ORGANIZATION AS PICTURED BY FARM CREDIT ADMINISTRATION



incorporation of this philosophy at all congressional hearings on agricultural legislation.

At hearings in November 1943 before a House of Representatives Select Committee, Mr. Wiggins pointed out some of the flaws in the Production Credit System and submitted five suggestions for the system to become self-supporting and free from government domination. Mr. Wiggins said:

We come to present to you not an attack on cooperative enterprise, but to point out that what is now masquerading under the name of a cooperative credit enterprise has in it a certain element which we believe will, if unchecked and allowed to continue, undermine and eventually destroy country banking.

That element is in the subsidization of a competitor with government money. I think we are doing a disservice to cooperative enterprise when we let it masquerade as a cooperative.

Next the Association appeared before the Committee on Agriculture of the House of Representatives in March 1944 when the Cooley bill was under consideration. That bill would have consolidated the Farm Security Administration, the Regional Agricultural Credit Corporation, and the Emergency Crop and Feed Loan organization into one unit called the Farmers' Home Corporation. Mr. Wiggins told the Congressmen:

I am sure that all of us recognize the danger in a philosophy that sets up the proposition that all men are entitled to credit. If, however, Congress determines there is a need for agricultural credit which can be supplied only by direct loans from a government agency, it should see to it that such credit is confined to the need so determined and is surrounded by proper safeguards and limitations.

Mr. Wiggins criticized a provision in the bill vesting the management of the proposed agency in a board of directors who would be appointed by and whose salaries would be fixed by the Secretary of Agriculture by stating:

It is essential to have the supervision and control of direct loans to farmers placed in an independent agency managed by a bipartisan board, in order to prevent political influences from dictating the lending policies of the agency.

Although little legislation not directly concerned with the war effort has been enacted, the frequent and consistent repetition and restatements of the Association's beliefs regarding government ownership and supervision of agricultural credit appears to be bearing fruit. Representative John W. Flannagan, Jr., chairman of the House Committee on Agriculture, recently introduced H.R. 3422, which would create a new agricultural credit agency, to be directed by a bipartisan, policy-making board. This bill would consolidate all government agricultural lending agencies, both direct and cooperative, under the new agency.

Mr. Wiggins again appeared before the committee in June of this year endorsing the intent of the bill as a first step in bringing together under proper control all of the credit agencies in agriculture. At the same time, he reminded the committee of the necessity for investigating and reorganizing the entire farm credit setup and the committee's promise to make such an investigation.

(CONTINUED ON PAGE 145)

Financing Our Own Tung Oil

HAROLD SEVERSON

MR. SEVERSON, associate editor of the Southern Agriculturist, with headquarters in Nashville, Tennessee, often uncovers unusual achievements on the part of individual banks and bankers in his travels through the South. In this article he tells of the role taken by J. Slater Wight, vice-president, Citizens Bank of Cairo, Georgia, in the production of tung for vital industrial use.

MENTION tung trees and tung oil to J. Slater Wight, vice-president of the Citizens Bank of Cairo, Georgia, and you've struck a responsive chord. His eyes light up and he'll plunge into an enthusiastic description of this fruit crop which played such a vital role in America's drive to final victory. Largely through his influence and that of his father, the late J. B. Wight, hundreds of Grady County farmers in south Georgia have an additional cash crop that had a very direct bearing on World War II. Mr. Wight is probably America's best posted rural banker on the subject of tung orchards and oil.

Prior to Pearl Harbor, the bulk of tung oil came from China and was used for America's quick-drying enamels, paints and varnishes. Next in line among principal users was the linoleum industry, while a few other uses included automobile brake bands, electrical insulations, and lining for toothpaste tubes and beer cans.

Meeting America's wartime needs for tung oil threw a terrific task upon the infant tung oil industry started in this country three decades ago. But it's to the everlasting credit of American farmers and leaders like Mr. Wight and his father that today the tung oil producers are giving manufacturers quantities of oil that would have been considered impossible four years ago.

Farmers in Gulf Coast states have found it a wonderful cash crop. The tung belt stretches from Texas' Gulf Coast to northern Florida but is only about a hundred



A cluster of tung fruit on the tree

miles wide because the tung tree is very sensitive to cold weather. About half of the tung fruit is grown in Pearl River County, Mississippi, while the bulk of the production may be found just a few miles across the river within a 100-mile radius of Louisiana's tung town of Bogalusa. Approximately 75 per cent of the American growers are grouped in the Bogalusa area where an aristocracy of tung men is developing. Orchards ranging from 6,000 acres down to a few fence row plantings may be seen in many places.

Most of the small scale orchards are found near Cairo, which is southeast of Atlanta. There J. B. Wight sold farmers on the merits of tung tree plantings so effectively that nearly 500 growers are bringing nuts to the Wight mill in Cairo. Grady county farms are usually comparatively small but the majority of the operators are owners, not tenants. Many of them are planting tung trees along their outside and cross fences.

"We have a number of farmers who sell from \$300 to \$500 worth of nuts per year from their so-called fence row trees," Mr. Wight said proudly.

Southern farmers in the tung belt are finding that tung fits into their operations very readily. That's because the nuts fall on the ground and can lie there until all other farm work is over. By October or November there usually is plenty of labor for picking up the nuts and hauling them to barns or cribs. Mr. Wight explains that the tung gives farmers an additional money crop for which the harvest can be delayed until a period arrives when there is relatively little demand on farm labor.

"This bank will make loans to farmers willing to plant a small acreage of tung trees and handle it as a farm crop," Mr. Wight states. "We much prefer this type of planting to that of large tung acreages. The farmer who has nothing but tung trees has all the disadvantages of a one-crop system."

So enthusiastic is Mr. Wight about tung trees that his bank makes loans to farmers wishing to buy additional land for planting tung trees.

A new type of ventilating barn for drying tung fruit



The Balance Sheet of Agriculture

A. G. BROWN

"The nation's largest industry is agriculture. Directly it touches the lives and work of 25 million people on six million farms. In addition, people in business and industry and in fact every one in the nation is influenced by the business of farming. If big crops are produced, new wealth is thus created, which, at fair prices, will be reflected in the nation's business."

The author is deputy manager of the American Bankers Association and director of its Agricultural Commission.

ONE of the most interesting pieces of research in agriculture is a study entitled "The Balance Sheet of Agriculture—1945," recently published by the Bureau of Agricultural Economics of the U. S. Department of Agriculture.

This balance sheet reflects the financial changes that have occurred in agriculture as a whole and how it can meet the requirements that are to be made upon it. The BAE study reveals that agriculture, as measured by the dollar value of its physical goods and intangible assets, is more than a \$90 billion industry. This is an increase of 69 per cent from January 1, 1940 when its assets totaled \$54 billion.

The principal increase in the asset value of agriculture has been in real estate, which is influenced by higher prevailing prices of farm commodities. Higher farm income also means a higher valuation of livestock, crops, farm machinery and equipment.

But if the balance sheet showed only an increase in the "paper" value of assets, there might be real cause for worry about the future of the industry. The true measure of financial progress during these last five years is revealed by the \$12 billion of money on hand and deposits in banks, the \$4 billion of U. S. Savings Bonds, and the \$1 billion of other intangible assets. These quick assets of \$17 billion on January 1, 1945, represent an increase of more than 220 per cent since January 1, 1940; during the past year alone they increased 27 per cent.

On the liability side it is revealed that the agricultural industry has applied increased earnings to reduction of debts; and, further, that its net worth of \$82 billion has increased 87 per cent—an even larger proportion than the growth of its assets. In other words, the farming business appears to be in a far safer position than five years ago.

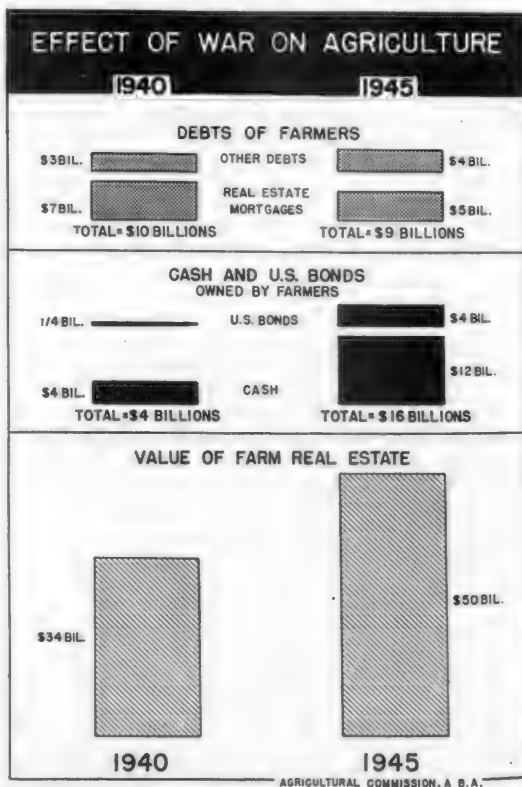
The real story in this balance sheet is the picture of the total farm liability of \$9 billion against which there is more than \$17 billion of cash and bonds with which to pay these total debts.

There is very little romance in figures, but in this financial statement of the agricultural industry there is a story of real progress—progress that is the more significant because its increased earnings have been applied to the reduction of its debts. This can spell stability, safety and security for the business of farming and also

for the nation as a whole insofar as it is influenced to live within its income and again to make thrift a watchword of its people.

The nation's largest industry is agriculture. Directly it touches the lives and work of 25 million people on six million farms. In addition, people in business and industry and in fact every one in the nation is influenced by the business of farming. If big crops are produced, new wealth is thus created, which, at fair prices, will be reflected in the nation's business.

In referring to "The Balance Sheet of Agriculture—1945," it is well to keep in mind that its continued strength and solvency will depend upon the good sense of the six million farmers who own the lands, the equipment, the cash and the bonds that are therein listed and upon their ability to preserve their savings and equities and to maintain the business of farming on a sound basis.



Balance Sheets of Agriculture 1940, 1944 and 1945 with Special Reference to Bank Loans

| | 1940 (Jan. 1) Million Dollars | 1945 (Jan. 1) Million Dollars | Percentage Change Five years to 1945 |
|--|--|--|--|
| ASSETS | | | |
| Money on hand and deposits in banks | 4,030 | 11,600 | + 188 |
| U. S. Savings Bonds | 247 | 3,910 | +1,483 |
| Warehouse receipts | 306 | 618 | + 102 |
| Miscellaneous intangible assets | 660 | 660 | — |
| <i>Sub-total—intangible assets</i> | 5,243 | 16,788 | + 220 |
| Real estate | 33,642 | 50,295 | + 50 |
| Household equipment | 4,275 | 4,232 | — 1 |
| Farm machinery and equipment | 3,135 | 4,774 | + 52 |
| Livestock | 5,132 | 8,869 | + 73 |
| Crops | 2,339 | 5,814 | + 149 |
| <i>Sub-total—tangible assets</i> | 48,523 | 73,984 | — |
| TOTAL ASSETS | 53,766 | 90,772 | + 69 |
| LIABILITIES | | | |
| <i>Current farm debts (i.e. not secured by real estate)</i> | | | |
| Insured commercial banks: | | | |
| Loans on stored crops, guaranteed by CCC | 234 | 806 | + 244 |
| Production loans and other non-real estate credits | 860 | 917 | + 7 |
| Production credit association: | | | |
| Loans guaranteed by CCC | 0 | 15 | — |
| Production loans | 153 | 188 | + 23 |
| Farm Security Administration | 276 | 302 | + 9 |
| Regional Agricultural Credit Corporation | 8 | 12 | + 50 |
| Emergency Crop and Feed Loan Office | 168 | 138 | — 18 |
| Federal Intermediate Credit banks | 32 | 30 | — 6 |
| Commodity Credit Corporation (excluding guaranteed loans of banks and other lenders) | 208 | 140 | — 33 |
| Individuals, dealers, stores, etc. | 1,455 | 1,132 | — 22 |
| <i>Total non-real estate debt</i> | 3,394 | 3,680 | + 8 |
| <i>Farm mortgages:</i> | | | |
| Insured commercial banks | 534 | 450 | — 16 |
| Life insurance companies | 984 | 934 | — 5 |
| Federal Land Banks | 2,010 | 1,210 | — 40 |
| Federal Farm Mortgage Corporation | 713 | 347 | — 51 |
| Farm Security Administration | 39 | 179 | + 360 |
| Individuals, mortgage companies, and others | 2,306 | 2,151 | — 7 |
| <i>Total farm mortgage debt</i> | 6,586 | 5,271 | — 20 |
| <i>Total farm liabilities</i> | 9,981 | 8,952 | — 10 |
| NET WORTH | | | |
| Land owners' equity in real estate | 27,056 | 45,024 | + 66 |
| Farmers' equity in non-real estate | 16,729 | 36,796 | + 120 |
| <i>Total net worth</i> | 43,785 | 81,820 | + 87 |
| GRAND TOTAL—LIABILITIES AND NET WORTH | 53,766 | 90,772 | + 68 |

NOTE: Due to rounding, figures do not add exactly to totals shown.
Arranged by Agricultural Commission, A.B.A., from data of Bureau of Agricultural Economics, USDA.

A Farmer Who Buys Victory Bonds

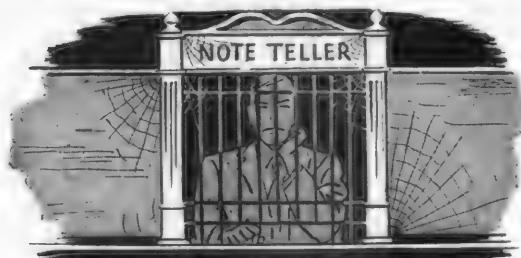
VAN B. HART

DR. HART, *Extension Professor in Farm Management, New York State College of Agriculture, is a frequent contributor to the Country Bank Section of BANKING.*

THE First National Bank of X-ville is located in a prosperous dairy and general farming section. The president, whom we will call Jim Wilson, was born and raised in the community and knows farm people. The farmers know Jim and like to do business with the X-ville bank. But they are not doing the kind and amount of banking business they used to do.

Farmers in the X-ville community have not been getting rich, but they have had several years of both good crops and good prices. Also they have not been able to get the new machinery and materials for repairs and replacements so they just haven't needed to borrow much. But they have bought quite a bunch of War Bonds — and also accumulated some sizable balances in checking and interest amounts. The X-ville bank used to have about a half million dollars of short-term farm paper. Now they are down to about a hundred thousand.

One day Jim Wilson got to thinking about the situation. Sure the bank had a lot of farmer customers. But what were they doing? Coming in, depositing their milk checks, saying hello, and going out. Oh, once in a while one of them did stop at the note window; but he didn't



stay long because all he had to do was leave a check or a roll of bills to pay off a note that wasn't due yet.

One of the customers of the X-ville bank is Tom Carmen. Now Tom is about 45 years old, owns a good farm and is getting along pretty well. He "doesn't owe the bank a nickel." But Jim Wilson remembers those tough days back in the Thirties when he and Tom used to get together about once a month and figure out whether to put two or three notes into one or let them ride along as they were. The other day when Tom came into the bank to deposit some checks, he asked Jim how the bank was doing and gave him a good cigar. After he went out, Jim looked up Tom's account and found he had \$5,200 in his checking account and about \$1,000 in an interest account.

The next day Tom Carmen got a letter from Jim which said: "Don't make a special trip into town for this, but when you are in sometime, I wish you would drop around and see me." You can bet Tom didn't



wait very long about going into the bank to see what was up. When he and Jim got together, they said:

Jim: "Tom, here's what I wanted to talk over. You have about \$5,200 in your checking account. That's a lot more than you really need for current expenses and you aren't getting a cent of interest on it. Why don't you put about \$4,000 of it into U. S. Victory Bonds?"

Tom: "Now wait a minute! That \$5,000 isn't any surplus profits stuff. I am going to be using most of it later to buy machinery and make repairs and replacements. Besides I already have over \$1,000 of War Bonds. If I take \$4,000 out of my checking account and buy U. S. Victory Bonds, I'll have to cash them in later."

Jim: "Tom, you remember that day back in 1934 when we fixed up a new note for you to cover the interest due on a bigger one?"

Tom: "I certainly can't forget it. If you people hadn't carried me along then I would have been all washed up."

Jim: "Well, if we loaned you money in those times, don't you think we might take a chance on it these days? You go ahead and buy those U. S. Victory Bonds. Then when you get ready to make those repairs and replacements, come around and we'll talk it over."

UP TO this point, this story is based on actual happenings. What follows is a possible future conversation between banker Jim Wilson and farmer Tom Carmen.

Jim: "Hello, Tom. What's on your mind?"

Tom: "Well, my boy who is back home now is going to be married and we are going to go into partnership. We plan on putting on some more cows, and fixing an old horse barn over into a poultry house for about a thousand birds. Also we want to fix up the tenant house with electricity, bath and a furnace for the young folks. But it is going to mean borrowing about \$5,000."

Jim: "Well, the bank's still here. What kind of a proposition have you in mind?"

Tom: "Oh, about the same as usual, I guess. Here's a new credit statement we worked out for the partnership."

Jim: "Well, that looks okay to me. We'll fix the note."

After Tom Carmen left the bank, Jim Wilson looked up at an oil painting of a venerable old gentleman with sideburns and choker collar and said: "Old boy, I'll bet you never told a customer to take money out of this bank, but it sure paid me to do it."

News Around and About

Merchandising . . . Legislation . . . Better Farming

Life Insurance Loan Form

R. A. BEZOIER, vice-president and cashier, FIRST NATIONAL BANK of Rochester, Minnesota, states that his bank has handled a substantial volume of life insurance loans over a period of years and has evolved a workable routine of making and servicing this type of business.

The key to the system is the master work sheet form illustrated on this page. While it may not contain all the necessary information, it does hit the high spots. Experience in using this form proves the time required to fill it out well worth while.

Bank Encourages Dairy Farming

THE FIRST NATIONAL BANK AND TRUST COMPANY of Macon, Georgia, has issued an illustrated booklet entitled "Dairy Profits in Georgia," designed to encourage more farmers to enter the dairy business.

It stresses the natural advantages of Georgia; the advantages of dairy farming as a business; outlines minimum requirements in the way of cattle and "equipment"; gives the approximate cost of entering the business; and estimates the earnings that may be expected.

In telling how the bank will cooperate with prospective dairy farmers, the booklet states:

"Loans will be made for the purchase of cows—up to 90 per cent of their cost. We can also make liberal loans to build barns for the purchase of necessary equipment.

"Interest rate will be 6 per cent per annum simple interest payable at the rate of $\frac{1}{2}$ per cent per month on the balance due each month. Thus a loan of \$1,000 will cost in interest \$5 the first month. When this balance has been reduced to—say \$700—interest that month will be only \$3.50.

"Loans may be liquidated entirely through the sale of the milk. . . ."

The booklet is written in down-to-earth language that anyone can understand.

Emphasis on Farm Credits

In outlining his bank's post-war plans, J. H. Peters, president, FIRST NATIONAL BANK, Loveland, Colorado, says:

"Our primary interest has been and remains in the field of agricultural credits of every kind. This is a highly developed agricultural region, and we feel it is part of our job to promote the interests of our farmer customers in every way that we can. We like ABA's manual, 'The Home Front' very much. It is packed with constructive

Date.....
Checked by.....

LIFE INSURANCE LOAN

WORK SHEET

Where it is impossible to obtain the necessary information from the policy and endorsements it is suggested that certain items be checked and a letter of inquiry be sent to the insurance company.

| | |
|-------------------------------|----------------------------|
| Insured's name..... | Policy number..... |
| Insurance company..... | Rating approved?..... |
| Kind of policy..... | Face amount \$..... |
| Is policy in full force?..... | Assignable?..... |
| Premium paid to..... | Duplicate premium..... |
| Cash value, gross \$..... | notices requested?..... |
| Policy loan amount \$..... | Any other prior liens..... |
| Cash value, net \$..... | or assignments..... |

* In case of nonpayment of premium by end of grace period:

Automatic premium loan provision?..... Operative?.....
Extended term insurance takes effect?..... When?.....

Does it have cash value?.....
Reduced paid-up insurance takes effect?..... When?.....

Does it have cash value?.....
Does it have loan value?.....

Beneficiary..... Beneficiary revocable?.....

Contingent Beneficiaries.....

Beneficiary redesignation subject to assignment permitted?.....

Mode of settlement other than lump sum in effect?.....

Will insurance company accept a settlement option endorsement subject to assignment?.....

Does assignment nullify or suspend settlement provisions?.....

Will insurance company satisfy assignee's claim in lump sum and will company disburse residue according to policy provisions?.....

| | Policy changes required? | Done? |
|--|--------------------------|-------|
| Disability provision checked?..... | | |
| Incontestability provisions checked?..... | | |
| Policy restrictions (including war and aviation) checked?..... | | |
| Assignment sent to company?..... | | |
| Assignment returned and filed?..... | | |
| Policy in collateral file?..... | | |
| * Premium tickler completed and filed properly for adequate protection of collateral?..... | | |
| Cash value posted on collateral card?..... | | |
| Assignment released?..... | | |
| Any irregularity in handling approved by bank officer?..... | | |

suggestions, and it is our hope to be able to bring more of them into our program of activities from year to year.

"We feel that we need especially to enter more vigorously into the activities of 4-H Clubs, Future Farmers and all similar or related organizations. Here's one of many very good reasons why:

"Something over a year ago there was brought to my attention a very neat pamphlet, nicely illustrated with

pictures of farm youth activities, carrying the caption 'Production Credit for Rural Youth.' It went on to say:

"RURAL YOUTH OF AMERICA is learning to use credit the practical way. PRODUCTION CREDIT ASSOCIATIONS have developed special plans for financing projects of farm and ranch boys and girls to give them experience and sound training in using credit before they start out "on their own."

"Production Credit Associations feel that this credit training for youth is a part of their credit service to the community. Through the junior loans the boy or girl not only receives valuable lessons in wise use of credit but also a clear understanding of the operation of a cooperative organization.

"Many users of this junior credit service are sons or daughters of adult PCA members. However, the service is available to any boy or girl who wants to carry on a practical businesslike project. Projects may be carried on through a 4-H Club, or a Future Farmer chapter, or as individuals.'

"There probably are bank-sponsored pamphlets directed to our rural youth and encouraging the use of bank credit for 4-H Club and Future Farmer and other projects and activities in which they might wish to engage, but I haven't seen one.

"Farm implement manufacturers seem inclined to turn the financing of purchases of their products over to the banks, and we are going to cooperate with them as fully as we can."

Turkeys "Livestock" in Oregon

A recent inquiry concerning a 1941 amendment to the Oregon Banking Law raised the question as to why turkeys were specifically included within the definition of livestock, while chickens or other kinds of poultry were not so included.

Some of the facts bearing on this situation follow: Oregon turkeys average from 22 to 40 pounds when marketed and are often worth more than fat lambs. The turkey raiser with several thousand of these "meat animals" is held to be in the same class as a grower of sheep, hogs or beef. On the other hand, chickens in the state are generally raised for egg production and only when they cease to produce are they marketed as meat.

Rise in Farm Prices

The average value per farm acre in the United States rose another 11 per cent during the 12 months ending July 1945.

These figures, computed by the Bureau of Agricultural Economics from thousands of reports sent in by farmers and business men, indicate that land prices in Kentucky and South Carolina are more than twice as high as during the five years from 1935 to 1939, while the average Massachusetts farm is valued only 20 per cent higher now than during that period.

The proportion of farm sales entirely for cash increased further during the last year, despite easy credit conditions. Data on transfers recorded in selected counties throughout the country indicate that 56 per cent of all sales were entirely for cash during the first quarter of 1945. Available data do not include information on un-



At the annual meeting of the Agricultural Development Committee of the Pennsylvania Bankers Association, at State College, Pennsylvania, Ray M. Gidney, president, Federal Reserve Bank of Cleveland, presented a plan for holding soil conservation meetings in that part of the state coming within the Cleveland Federal Reserve district. R. I. Fulton, president, County National Bank, Clearfield, and chairman of the Agricultural Development Committee, presided. George Y. Jarvis, agricultural economist of the A.B.A.'s Agricultural Commission, was among the out-of-state attendants at this meeting. The entire group is shown above

recorded sales contracts and hence tend somewhat to overstate the proportion of all sales that were for cash. Undoubtedly, a substantial proportion of the cash purchases represent the transfers of tracts rather than full farm units.

In sales financed by mortgages, the average down payment during the first quarter of 1945 was 44 per cent of the purchase price, as compared with 40 per cent for the year 1944, and 33 per cent for 1942. For the purchase-contract sales reported, the average down payment has continued to be about one-fifth of the purchased price.

Despite the amount of cash used in buying farms during the last year, very heavy mortgages were placed on a significant number of farms as the result of sale. Between one-fourth and one-third of all credit financed sales last year were encumbered to the extent of 75 per cent of the sales price and almost three-fourths had a debt of 50 per cent or more. On many of these farms the amount of debt is larger than the full market value of the property a few years ago.

Dirt Farmer Cooperation with Country Banks

Despite the great industrialization of Texas and the Southwest, the dirt farmer and his products remain one of the most potent factors in the region's economy. The tremendous potentials of Texas farms, like other sections, is retarded by the job to be done in rebuilding and conserving the soil. Areas in east and south Texas have climate and rainfall favorable to dairying, stock-raising, and general farming, but certain soil deficiencies impede present productivity. Likewise, there's the great problem of soil erosion in the hilly sections; and reforesta-

(CONTINUED ON PAGE 76)

100 BUSHELS

1000 BUSHELS



That's What Your Money Does

It's an extra fast hand husker who brings in 100 bushels of corn per day. Under similar conditions, in fairly high-yielding corn, the man with the two-row mechanical picker harvests 1000 bushels.

To figure the gain simply as labor savings, corrected for machinery charges, falls far short of the complete story. It ignores the availability of labor, and the losses due to delay in getting corn out of the field. The criterion of the corn picker, or of any farm machine, is the amount by which it multiplies productive capacity per man.

Typical of the corn belt, the farms making detailed reports to the University of Illinois in 25 years halved their over-all man-hour requirements for corn production. The picker,

plus tractor-powered implements, has doubled their corn acreage per man-hour. Bankers, by credit and by counsel, hastened this progress in modern mechanization.

Case tractors and machines, by their qualities of endurance and economy, commend themselves as chattels with sustained values for bank financing. That they are purchased principally by farmers with above-average machinery experience points towards a choice class of bank customers.

Case dealers and their company believe that the financing of farm machinery sales and inventories is business that belongs to local bankers. You can count on their cooperation in developing such business. J. I. Case Co., Racine, Wis.



CASE



PARTNERS

IN PROMOTING ADVANCED FARM PRACTICES

News Around and About

(CONTINUED FROM PAGE 74)

tion is another potential needing scientific attention.

Prompted by these prospects, Clarence Malone, president of the former Guardian Trust Company—now merged with the SECOND NATIONAL BANK of Houston—took the initial step in a program that's now materializing. He arranged for the distribution through many South Texas banks of large numbers of crowns of the new wonder grass—Kudzu. (*Reader's Digest* told his story in a recent issue.)

Now under the auspices of the SECOND NATIONAL of Houston a broad farm program is being developed through a newly organized Agricultural Department—one of the few sponsored by large city institutions. The program has as its basis the furtherance of sound and scientific farming, dairying, stock-raising, and its objective is to contribute toward the building of a more prosperous farming community in areas served by the bank. Certain phases of the service will be offered through correspondent institutions.

Loans to Support Rice Prices

A loan and purchase program for rice of the 1945 crop has been made available by the U. S. Department of Agriculture, as required by laws providing for government support of basic farm commodity prices. The loan rates on rough rice will vary by type and grade and will average \$1.27 per bushel, or 90 per cent of the July 15 parity price. Purchases may be made at the same rate. As with the usual commodity loan of the Department of Agriculture, the interest rate to the farmer will be 3 per cent per annum. Loans will mature on or before June 30, 1946.

The present prices being received by rice growers average well above the calculated parity price of \$1.41 per bushel, and as long as existing market conditions prevail, the loans and purchases will not be needed to support prices. However, the program was announced to reassure growers concerned with the possibility of price declines during the 1945 marketing year.

Banks Study Cost Analysis Schedules

Comparative schedules covering certain transactions and operations, as revealed by the cost analysis survey made by the Commission on Country Bank Operations, has been sent to participating banks. These will enable the banks to see how their costs in a particular operation compares with other banks.

Keen interest is being shown in the survey by the banks participating, several of them having requested extra copies of the schedules for use of directors, officers and staff members.

Dairy Product Prices Unchanged

Prices that farmers will receive for dairy products during the coming Fall and Winter will probably be about the same as last year, according to a forecast of the Bureau of Agricultural Economics. Retail prices of principal dairy products have been held to 1942 levels,

Progress in Scientific Farming

Meal made from waste vegetable leaves has been found highly nutritious for feeding chicks and older chickens. About four million tons of vegetable leaves, most of them rich in vitamins and containing large amounts of protein, carotene and riboflavin, were reported going to waste annually around vegetable processing plants. Salvaging these costly feed constituents appeared particularly important during the war period, and a meal was prepared and fed as 8 per cent of the ration to poultry. The meal was prepared by drying the leaves until the blades were brittle, but the stems still tough, then tumbling them in a rotary screen until the leaves broke off and dropped through, leaving behind the stems which are lower in feeding value.

* * *

Chronic bovine mastitis, one of the more injurious diseases of dairy cows, appears likely to be another victim of the miracle drug, penicillin. U. S. Department of Agriculture scientists conducted experiments with a culture filtrate of the penicillium mold grown on corn steep liquor, of relatively low and variable penicillin content, since a refined product was not available. Further tests with purer penicillin are planned.

while consumer income has advanced about one-third. Although consumer purchasing power will probably decrease during the next several months, prices of dairy products are not likely to be materially affected, because of present unsatisfied civilian demand.

Feed prospects are not quite so favorable as in the 1944-45 season, but the milk-feed and butterfat-feed price relationships, including production payments, will be above the long-time average, at least through next March, according to this analysis.

Loan Wheat Purchased at Parity

Farmers putting wheat under Commodity Credit Corporation loans this year will have the option of selling the wheat next Spring to the Production and Marketing Administration at 15 cents a bushel above the applicable loan value, less charges. The 1945 wheat loan averages nationally \$1.38 a bushel, or 90 per cent of present parity. The purchase offer will be applicable to both farm-stored and warehouse-stored wheat under CCC loan on April 1 (or May 1 in some areas for warehouse-stored wheat). No storage payment will be made by PMA on farm-stored loan wheat that is purchased.

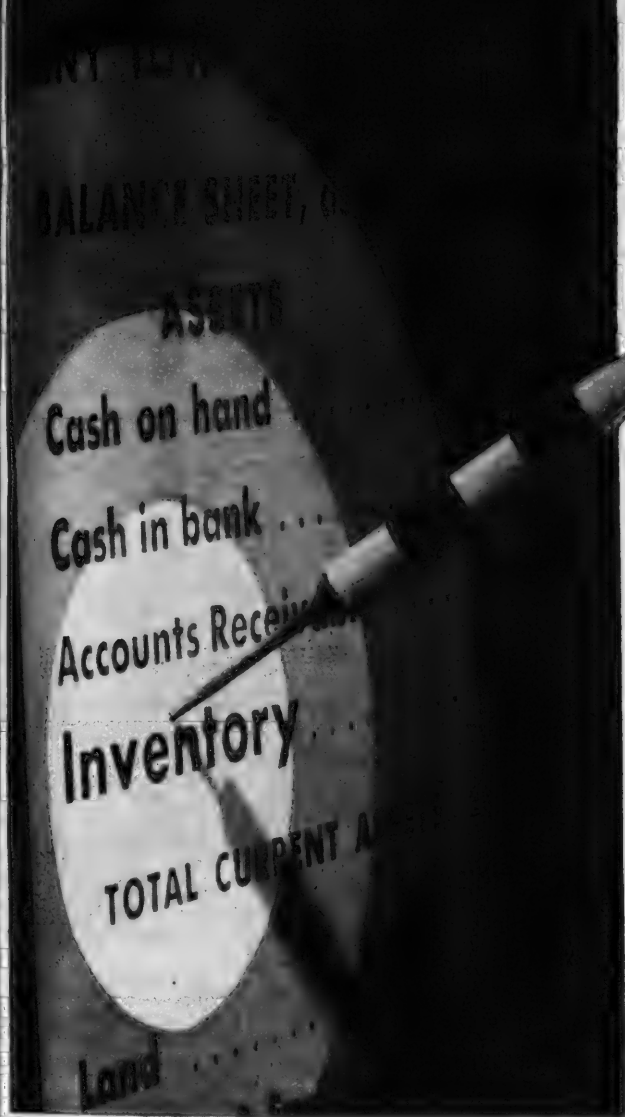
Soil Conservation Session

The ELLIOTT STATE BANK of Jacksonville, Illinois, recently sponsored a special soil conservation session for the benefit of some 40-odd tenant farmers working properties managed in trust. The meeting featured educational talks by area experts and movies illustrating ter-

(CONTINUED ON PAGE 78)

AIM

where there's
marketable inventory



... and you'll score
big inventory loans

Business men in need of additional working capital often overlook this "bull's-eye" of excellent loan collateral. So the Lawrence Warehouse Company offers your inventory loan department three big "helps" in aiming for this profitable business.

First—Lawrence advertises its field warehousing service to 18 top prospect industries. Lawrence ads explain how inventories may be field warehoused on the borrower's premises with the warehouse receipts accepted by banks and other leading agencies.

Second—Lawrence has just issued a full explanatory booklet, "Field Warehousing on your premises." It is free—and we will gladly send you a supply for distribution to your customers.

Third—for the desks of your loan officers, Lawrence has produced a free and fully detailed booklet "Inventory Financing."

Phone or write our branch office in your territory—and take advantage of Lawrence's 30 years of Field Warehousing experience.

LAWRENCE WAREHOUSE COMPANY

Field Warehousing FOR BANK LOANS ON INVENTORY

NEW YORK: 72 Wall Street • CHICAGO: 1 North LaSalle Street • SAN FRANCISCO: 37 Drumm Street • LOS ANGELES: W. P. Story Building • Buffalo • Boston • Philadelphia • Kansas City, Missouri • St. Louis • New Orleans • Jacksonville, Florida • Dallas • Houston • Denver • Fresno • Stockton • Portland, Oregon • Atlanta • Cincinnati • Washington, D. C.





The Agricultural Committee of the Illinois Bankers Association held its annual meeting in Chicago last month to plan its program for the ensuing year. F. H. Herr, president, Citizens Bank, Chatsworth, Ill., and vice-chairman, Agricultural Committee, presided. A. G. Brown, deputy manager of the A. B. A. and director of its Agricultural Commission, was among the non-members of the committee attending this meeting. This group is shown in the picture, above

racing and contour farming. Later the group adjourned for a field trip to visit a demonstration farm.

This type of program is wide open for adoption by banks featuring farm management departments. Assembling groups of tenants for such sessions is the practical way of getting the story across, at least the fundamentals.

Loans for Soil Conservation

Action to help farmers work out plans for increasing the productivity of their farms, the banks of St. Joseph, Missouri, announce through the St. Joseph bank credit group the setting aside of a fund of \$500,000 to supplement the credit already available for soil improvement and erosion work. It is believed that this is the first city in the United States to provide this form of credit.

Under the plan the group will participate in loans by local banks or guarantee them, or assume any loans which the lending banks wish to turn over to it. This arrangement, it is expected, will stimulate greatly the financing of these important conservation practices.

The St. Joseph bank credit group was organized recently by the banks of St. Joseph with \$7½ million with which to assure ample credit for business, especially in the post-war period.

It is estimated that the allocation of these funds for loans for soil conservation practices will enable farmers to work out plans which will increase the productivity of their soil from 30 to 100 per cent.

Russell Wales, president of the St. Joseph Chamber of Commerce, has hailed the move of the banks as a great boost to farming conditions and expressed the hope that every farmer whose land "is depleted or in need of terracing, waterways or other similar improvements would begin to give serious consideration to soil conservation practices."

"We Need Plenty of Terraces on Our Farms . . ."

For six days we had been touring the red clay hills of the southern Piedmont Country, Georgia. This region has been gorged and tortured by heavy rains washing off the best of the fertile topsoil from steep slopes on millions of acres. Gullies have destroyed large areas of once productive soils.

In this section there is an acute need for terraces, rotation cropping and waterways covered with a protecting blanket of vegetation. For that reason, an increasing number of rural bankers are cooperating with Soil Conservation Service technicians and district supervisors by making loans to farmers anxious to purchase tractors and terracing-ditching equipment.

"More bankers need to see the value of erosion control in the Piedmont," states R. Y. Bailey, regional agronomist from the Soil Conservation Service office at Spartanburg, S. C. "They're protecting their collateral when they loan money to farmers with sound conservation programs on their farms."

We were resting on the farm of I. B. Burnett of Villa Rica, Georgia, when Bailey made that statement. Mr. Burnett agreed with him.

"My farm was covered with gullies when I bought it in 1929," he observed. "Thanks to the technical advice of Soil Conservation Service workers, I've increased my yields while saving my topsoil."

It was there that I met C. J. Smith, president of the MANUFACTURERS NATIONAL BANK of Newnan, Georgia.

Mr. Smith early sensed the need for soil conservation work in his neighborhood. So when in December 1944 a young farmer applied for a loan, he listened attentively. The young man wanted to buy equipment for terracing, grading and building dams for fish ponds under the AAA program.

"His character and ability were well known to us," Mr. Smith stated. "Although he did not have funds to buy this equipment, he did have some farm machinery for security in addition to the machinery he bought. Later he purchased other equipment to expand his operations. We did not have any specified payments on our loan and permitted him to pay on the loan as he was reimbursed for the work when completed."

In addition to building dams and terraces for which farmers are paid by the AAA, the farmer used his equipment to grade and lay out streets in two real estate subdivisions in Newnan and for grading city streets.

"He has done remarkably well and our experience with this type of loan has been very satisfactory," Mr. Smith remarked.

Thus far, no Newnan veterans have applied for a loan to buy terracing equipment, but several are expected to do so in the next few months.

"We need plenty of terraces on our farms," Mr. Smith added, "and there is ample work for several more units for the next few years in our county alone."

HAROLD SEVERSON

BANKING

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The 102nd semi-annual edition of Polk's Bankers Encyclopedia, just published, puts the latest, most complete banking and financial data right at your finger tips.

It is so new that it reports *more than a quarter million changes* in facts and figures from the previous Directory!



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1945

WASHINGTON



General Bradley's Advance Post

U. V. WILCOX

MR. WILCOX, a Washington newsman, takes a look at the big job undertaken by the new Administrator of Veterans' Affairs.

BEFORE Pearl Harbor it seemed that bankers, with other financial managers, were always to blame.

They were being constantly told they were. And unfortunately some people came to believe it. The bankers were on the receiving end of about all the critical barbs. Now bankers are going to have a sympathetic feeling for a four-star general whose assignment has put him in the most criticized position in the Federal Government. This is Omar N. Bradley, Administrator of Veterans Affairs.

Bankers are going to have close contact with this top American general, for his name will appear on many a document that passes across their desks. Loans will be guaranteed by him for thousands of veterans, credit at banks for business ventures, and the purchase of new and old homes and farms. The potentiality for criticism in his position, and in his close relationship

with bankers, should make for a long and sympathetic friendship.

General Bradley may already be wishing he had never accepted his present post. He is encountering the sort of problems which the textbooks at West Point never mentioned. His brilliant service in Europe, leading the 12th Army Group to victory in France and Germany, held little counterpart in experience to his present assignment, which President Truman asked him to accept.

As a military commander his word was final. The officers and men accepted his decisions and followed them. His problems were direct, challenging and, by comparison with those confronting him now, quite simple. In France and Germany he utilized supplies, men, guns and transportation according to certain principles of strategy. He had the confidence of those who placed him in command, and his men had confidence in him.

Now, as Veterans Administrator, he faces an entirely different kind of task. He is circumscribed by old and new laws. Instead of a supreme commander trusting his judgment, he must heed the advice of varied members



PRESS ASSOCIATION

A Debt That Can't Be Paid

General Bradley says:

"In buying Victory Bonds, you are helping to carry part of the obligation we shouldered when our youth went to war.

"The American people gladly bought bonds to pay the cost of war. Now we must face the debt we owe to those who were wounded and for whom the war is not yet over.

"Our Government has acknowledged this debt. Congress appropriated very nearly \$2¼ billion for the Veterans Administration's program during the current year. This cost is expected to be even greater when more men are discharged.

"The money has been appropriated to provide benefits and opportunities for our veterans, but now it must be raised. Veterans, as well as all other citizens, are interested in making this campaign a success.

"In buying Victory Bonds, you are paying an instalment on the debt we owe our fighting men. It is a debt that can never be paid in full."

NO NEED TO GET "UP-IN-THE-AIR"

OVER FINDING A

New Plant Location

SOMEWHERE within the Erie Area may be exactly the plant location you're looking for. How to find it *quickly and easily*? Send the Erie Railroad an outline of your requirements.

You'll get the *facts* on desirable industrial sites which may meet your needs. You'll learn about markets, manpower, resources, transportation, water supply, insurance and tax rates, and other important information. Your identity is held in strict confidence. The Erie does the contact work and research.

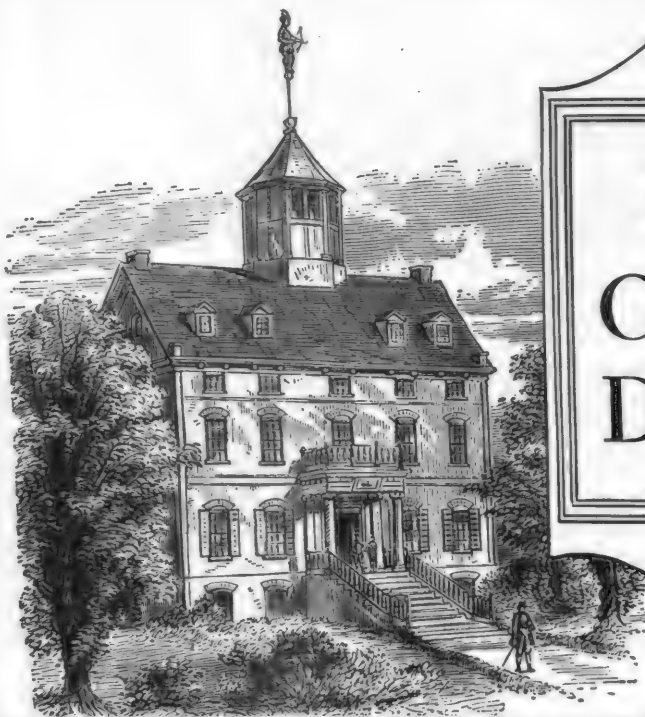
No other section of the country has more to offer than the Erie Area. In markets, skilled manpower, raw materials, and transportation, the Heart of Industrial America can give *your* new plant every advantage for success.

For fully detailed information, write George F. Weston, Industrial Commissioner, Erie Railroad, Midland Building, Cleveland 15, Ohio.



Erie Railroad

Detailed map and description of the six zones of industrial opportunity within the Erie Area are yours for the asking.



Since Colonial Days...

Old Province House, Boston. Built 1679. Destroyed by fire 1864

THE ancient weathervane from the cupola of the Province House, residence of the colonial governors of Massachusetts, is a reminder that since the days of the old Bay Colony, the chosen emblem of the Commonwealth has been an Indian.

Another Indian well known throughout the nation is the insignia of the Shawmut Bank... a bank emblem that stands for reliability and exceptional willing-

ness to undertake difficult or unusual problems.

For 109 years, banks in all parts of the country have found the Shawmut an institution of "outstanding strength." As we face the problems ahead, this is a logical time for *your* bank to avail itself of the experience and up-to-date knowledge of business conditions which you may obtain through an account at the Shawmut Bank.

The National **Shawmut Bank**

40 Water Street, Boston

Member Federal Deposit Insurance Corporation

CAPITAL \$10,000,000

SURPLUS \$20,000,000



of Congress. His equipment is old and much of it is out of date. His personnel is inherited. His duties include caring for the sick and satisfying their relatives. He must see that benefits are paid promptly, that defaulted loans are properly met according to the guarantee, and no one suffers, not even the defaulter, for the latter is a voter and has friends in Congress.

General Omar N. Bradley, 52 years of age, is taking a post-graduate course in public affairs. And he is a brave man to hazard a brilliant military career in cloak and dagger Washington, where every telephone call and every visitor can spell trouble.

General Bradley, taking the oath of office, immediately held a press conference. He sensed the value of meeting the newsmen who knew even better than he did, what he was up against. He told them he was going to do the best job possible. He reminded them, when they asked questions, that he would have to spend some time acquainting himself with the great rambling agency of which he was head. He introduced some of his friends in the Army, brought along to aid him, and in whom he had confidence.

HE ALSO told the newsmen that he would like to know their criticisms before they wrote them, if possible, and promised he would be accessible. It was obviously a brave promise. It was contrary to the custom of his predecessor.

After the news conference, he sought to encourage the thousands of employees of the Veterans Administration, sensing, or being warned, that morale was at a low ebb. He called them together. And it took two days, and two large meetings in the largest auditorium which another government department could provide.

After that beginning, General Bradley plunged into his task of gearing the cumbersome machinery of his agency to meet the mounting problems of discharged veterans clamoring for service supposedly guaranteed to them by law. He made quick trips by airplane to trouble spots where long delays in handling claims were the rule and not the exception. He flew to a New England hospital, lately featured in news stories and an abortive congressional investigation, which played a part in the resignation of his predecessor.

The problems that face General Bradley are Herculean. The critics may say that is a close resemblance to the Aegean stables of mythology. They suggest that it would be a good thing to sweep out, with rivers of denunciation, many of those now in key positions in the Veterans Administration.

But General Bradley, even if he wished, is unable to take any such direct and simple action. Many of those with whom he must work have friends in Congress. They have political connections. They have political protectors. Many of them vote in nearby states and by mail. And the Veterans Administration operates a nationwide service. Besides, he must continue to operate all the many activities which have been given that Administration while reorganizing it to meet the civil obligations of World War II.

General Bradley is a quiet, friendly sort of Administrator. There is nothing of the stern, military demeanor about him. This is to his credit, and will aid him in his



The General, on an inspection tour, talks to a GI

heavy task. He will need all possible aid in meeting the contingencies incident to such a position as his.

For example, the General's calling schedule has been very crowded. Congressmen have sought to visit him, make suggestions or seek assurances. There are those who want new hospitals strategically placed in their districts. This means more employment and, in the long run, they hope, some patronage. There have been the callers with complaints.

The other day a Congressman called with a request. Although the General's schedule was tight and his time sharply limited, Congressmen are not to be denied—not in this city where Representatives and Senators vote appropriations and rewrite laws.

This particular Congressman asked General Bradley to discharge promptly a certain individual in a certain veterans' office located in a southern state. The General said he would like to know more about the matter. He asked about the evidence. He reminded his caller that there were such things as Civil Service laws, rules and regulations, and although he was the Administrator, he was not privileged to fire someone without more evidence.

THAT reply precipitated the sort of contest unfamiliar to the General, experienced in beating on the battlefield the might of a supposedly undefeatable nation. The Congressman didn't like to hear the General say he wouldn't fire a man disliked by the Congressman. It nettled him.

The Congressman reminded the General that the Veterans Administrator would be asking for favors on Capitol Hill. This the general admitted. The Congressman also said that because the General proved unresponsive to the request that he discharge the individual, which the Congressman disliked, there might be introduced and pressed bills and programs embarrassing to the General.

General Bradley hesitated before he replied. It wasn't due to any inability to comprehend the import of the remark, or appreciate the threat. The General is not lacking in mental ability. But he preferred to choose his words with care. He knew he was talking to a Congressman.

He told his caller that everything that was said could

(CONTINUED ON PAGE 151)



Your combat days are not over!

GET BEHIND THE

VICTORY LOAN!

There's plenty of action ahead for fast-thinking industrial leaders in putting over the new Victory Loan! Your Victory drive is important because:

EVERY VICTORY BOND HELPS TO

- 1** Bring our boys back to the America for which they were willing to give their lives!
- 2** Provide the finest of medical care for our wounded heroes!

BOOST THE NEW F. D. ROOSEVELT MEMORIAL \$200 BOND!

Urge all your employees to buy this new Franklin Delano Roosevelt Memorial \$200 Bond through your Payroll Savings Plan! At all times better than ready cash, Victory Bonds are industry's "Thanks" to our returning heroes!

START YOUR VICTORY DRIVE TODAY!

Every Victory Bond aids in assuring peacetime prosperity for our veterans, our nation, your employees—and your own industry!

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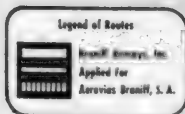
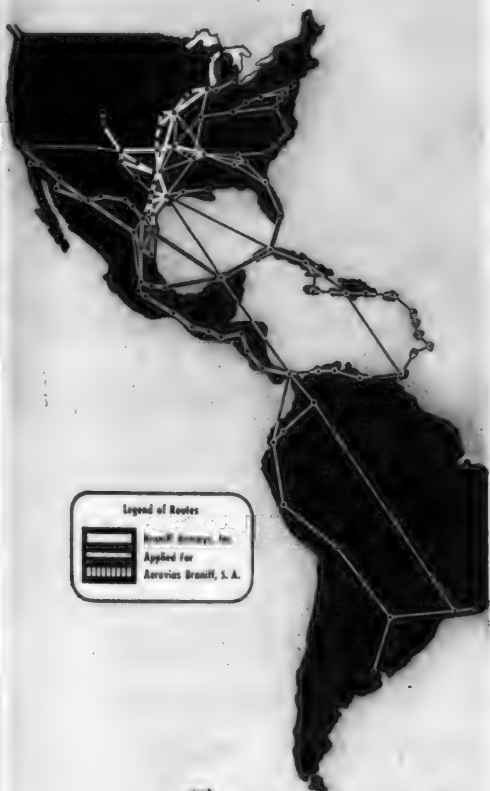


Business Does Make Friends

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—machine has high speed action
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- ✓ **NO HAND SORTING**
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—as a by-product of proof work
- ✓ **12 OR 24 TAPES**
—no re-listing of checks necessary



IT ENDORSES as it SORTS, LISTS and PROVES

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BANKING NEWS

A.B.A. Membership Reaches 96.1% of U. S. Banks

Small Business Credit Heads Discuss Plans

A.B.A. Group Leaders Meet in New York

The first joint meeting of members of the American Bankers Association Credit Policy Commission, Post-War Small Business Credit Commission and chairmen of the 41 credit groups having active resources of over \$600 million, formed under the Post-War Small Business Commission's program for making bank credit available to everyone entitled to it, was held in New York on Aug. 25 and 26.

Discussions centered around the future credit policies of the banks, perfection of the credit group organization and coordination of their activities, and the formulation of plans to activate the credit group program of assistance to small business in the reconversion period.

Aggressive Action Needed

"It is essential that the credit groups perform aggressively, if the inroads made by government credit agencies in the field of private credit are to be halted and the existing emergency credit agencies liquidated," said Robert M. Hanes, Commission chairman and president, Wachovia Bank and Trust Company, Winston-Salem, N. C.

Mr. Hanes presided at all conference sessions except those dealing with credit policy. Hugh H. McGee, vice-president, Bankers Trust Company, New York, and chairman, Credit Policy Commission, presided at these sessions.

Earnings, Expense Survey of Insured Commercial Banks

The 1944 earnings and expense survey of all insured Commercial banks has been completed by the A.B.A. Bank Management Commission.

War's End Finishes A.B.A. Loan Surveys

Final Figures for War Output Credits

War production loans to manufacturers of the nation and commitments for such loans reported as outstanding on June 30, 1945, by 416 of the country's larger banks aggregated \$7,575,860,332, according to the semi-annual survey of the American Bankers Association.

War production loans and commitments dropped more than \$1 billion in the mid-year, compared to the total of \$8,628,597,227 reported as outstanding on Dec. 30, 1944, by 429 of the country's larger banks.

The survey is conducted by the Association by means of a questionnaire addressed to the 500 largest banks. Of these, 416 supplied data on their war production loaning activities as against 429 in the previous survey which reported on standings Dec. 30, 1944.

Of \$7,575,860,332 of total war loans and commitments by banks outstanding on June 30, \$7,316,843,246 represented loans and commitments for war supplies and materials and was a decrease of approximately \$1 billion from the \$8,307,266,875 reported in the previous survey. The lower figure reflects the defeat of Germany. The remaining \$259,017,086 represents loans and commitments for building of war plants and factories, compared with \$321,330,352 for the same purpose as of Dec. 30, 1944.

In a letter to the 500 participating banks, Walter B. French, deputy manager of the Association, said: "The end of the war brings these surveys to a close.

A vast amount of information has been compiled which will be of immeasurable value when a record is needed of banking's participation in the war."

Dominick Reports Gain of 439 During Year, With Only 485 Non-Members on Aug. 31

The American Bankers Association had 15,694 members, or 96.1 per cent of the country's banks, at the close of the Association year on Aug. 31, says the report of Robert L. Dominick, chairman of the Organization Committee.

There was a gain of 439 new members during the year, which ended with only 485 non-members, exclusive of branches, throughout the nation. Eighteen states were 100 per cent in membership.



Mr. Dominick

Banks Asked to Print Symbol on New Checks

The routing symbol system worked out a few months ago by the Bank Management Commission in cooperation with the Federal Reserve banks has met with an enthusiastic reception by the banks, according to Commission Chairman William A. McDonnell, who is vice-president, Mercantile-Commerce Bank & Trust Co., St. Louis.

"While the Commission does not want the banks to dispose of supplies of checks now on hand," Mr. McDonnell said, "as rapidly as new checks are needed it is urged that the symbol be printed on them."

Mr. McDonnell emphasized the importance of banks' notifying large users of checks who have their own checks printed of the need of following the pattern adopted by the Commission and the Federal Reserve.

The adoption and use of the routing symbol will greatly speed up the handling of transit items, thereby increasing the efficiency of transit departments with a resultant decrease in operating costs.

"The enlargement of the Commission on Country Bank Operations, the additional commissions and committees appointed by President Burgess to deal with new problems created by war conditions, and the increased activities of older committees, particularly the insurance and Federal legislative groups, are responsible for the achievement of the Organization Committee," said Mr. Dominick.

100 Per Centers

The states in which all banks were members on Aug. 31 are: Arizona, Arkansas, Colorado, District of Columbia, Florida, Idaho, Louisiana, Maryland, Mississippi, Nevada, New Mexico, North Carolina, North Dakota, Oregon, Utah, Virginia, Washington and Wisconsin.

"The splendid work of Regional Vice-president Max Stieg and State Vice-president George Prentice brought Wisconsin into the 100 per cent column for the first time," said the report. "Particular credit for Maryland joining the 100 per cent column is due to the hard, effective work of State Vice-president Alvin Riebling.

"In five states there are fewer than three non-members: California 2; Delaware 2; Montana 2; Rhode Island 1; Wyoming 1.

99.2 Per Cent of Resources

"On Aug. 31, 1945, 96.1 per cent of the banks of the country were A.B.A. members, representing over 99.2 per cent of all banking resources.

"State Vice-president Paul Warner and Regional Vice-president Harry Nagel led the
(Continued on page 90)

State Bank Figures Reflect Strong Position; These Banks Hold Half of Nation's Bank Assets

56.6 Per Cent of Assets, Up \$12 Billion in '44, in U. S. Government Securities at Year-end

An over-all strengthening of the position of state banks during 1944 is revealed in the 14th annual report of the A.B.A. State Bank Division, which shows assets of the 9,510 state-supervised banks in the United States increased \$12,281,041,000 during the year to \$75,350,146,000 on Dec. 30, 1944.

"Worthy of comment as we consider this report," said Elwood M. Brooks, chairman of Committee on State Bank Research, and president, Central Bank and Trust Company, Denver, "is the fact that half of the country's bank assets are held in state banks. Of extreme importance, in these days of reconversion, will be the way in which we exercise our responsibilities in the handling of these vast funds.

Timely Study

"So timely is this study, coming almost at the same moment as the Japanese surrender, that it can well serve as a blueprint for making an immediate analysis of our position, upon which we may base the next few months' operations. It gives the state bankers, many of whom serve very small communities and who reach into the highways and byways of America's foundations, an opportunity for making sound deductions which will result in constructive contributions to the nation's financial health."

The survey is based on year-end reports and detailed information supplied by the 8,967 state (commercial) banks, loan and trust companies, private banks and stock savings banks and the 543 mutual savings banks in the United States.

U. S. Governments

Discussing assets and liabilities of state supervised banks, the report says:

"Most of the gain in total investments was attributable to increased holdings of United States Government securities which totaled \$42,593,451,000 for all state supervised banks on Dec. 30, 1944, an increase of \$10,727,649,000 for the year. A further study of this item shows

that state supervised banks had 56 per cent of their resources invested in government securities, an increase of about one-third. This survey shows that during the past five years state supervised banks have increased their holdings of government securities \$31,345,676,000 or 278.7 per cent, emphasizing the fact that state banks are continuing to lend their support to Treasury financing.

"Holdings of other securities by state-supervised banks totaled \$4,043,284,000 at the end of 1944, a decrease of \$98,607,000 or 2.4 per cent in the past year. Other securities held represent approximately 5.4 per cent of total resources.

"During the past year loans and discounts of all state supervised banks amounted to \$14,516,080,000, an increase of \$1,047,230,000 for the year. This is the first time in three years that this item has shown an increase. While state (commercial) banks showed an increase this year, mutual savings banks continued to show a decrease. . . .

Deposits Up Nearly \$12 Billion

"Total deposits of all state supervised banks as of Dec. 30, 1944, amounted to \$69,538,909,000, an increase of \$11,887,928,000. Demand deposits of individuals, partnerships, and corporations amounted to \$28,855,091,000, a gain of \$2,856,133,000 for the year. Demand deposits have consistently increased and the present figures represent more than 153 per cent since 1938. For the five year comparative figure, demand deposits have increased 85 per cent. Time deposits of individuals, partnerships, and corporations increased during 1944 by \$3,730,043,000 to a total of \$24,355,276,000."

Total capital funds amounted to \$5,409,390,000, a gain of \$323,643,000, an increase of 6.4 per cent.

Resources of the 8,967 state (commercial) banks at the close of 1944 were \$60,563,629,000, an increase of \$10,539,672,000 or 21.1 per cent. This

increase is reflected mainly in holdings of U. S. Government securities.

As of Dec. 30, 1944, the total government securities held by state (commercial) banks amounted to \$34,261,095,000 or an increase of \$8,490,172,000. These banks had 56.6 per cent of their total assets invested in U. S. Government securities, compared to 51.5 per cent at the end of 1943.

At the close of 1944 mutual savings banks held government securities of \$8,332,356,000, an increase of \$2,237,477,000 over 1943. This asset item represents 56.4 per cent of total resources, which is practically the same as that of state (commercial) banks.

Gross Earnings Rise

State banks reflected the general prosperity of business and their greater volume of deposits, in reporting larger aggregate gross earnings from current operations. Treating the District of Columbia as a "state" for purposes of the tabulations, the report shows state banks engaged in commercial business in 45 states had larger net earnings at the end of 1944, and the net was

less in four states than in 1943.

For the 8,928 state banks engaged in commercial business, aggregate gross earnings for 1944 were \$1,023,390,000, an increase of \$119,251,000 over the previous year. Current operating expenses, including income taxes, for the same period advanced \$711,011,000, an increase of \$73,295,000.

Net profits, after recoveries and charge-offs, but before dividends, amounted to \$350,227,000. The better over-all condition of business is reflected in \$37,848,000 added to net profits from recoveries on loans and discounts and profits on sale of securities amounting to \$162,433,000, compared with \$124,585,000 in losses and charge-offs on loans and securities for the year.

Of the total net earnings, \$235,794,000 was added to the capital structure of the banks.

"Income from service charges continued to increase during 1944," the report says. "This item increased \$13,635,000 for the year, or 17.4 per cent more than the previous year. Without the income earned from service charges, net earnings from current operations in four states would have been net losses instead."

Francis M. Knight of Chicago New Head of A.B.A. Committee on War Bond Drives

Francis M. Knight, vice-president of the Continental Illinois National Bank and Trust Company, Chicago, has been named chairman of the A.B.A. Committee on War Bond Drives. He will direct activities of banks during the Victory Loan Drive.

Mr. Knight succeeds Tom K. Smith, president of The Boatmen's National Bank, St. Louis, who was head of the committee during the seven previous War Loans. In announcing the appointment of his successor, A.B.A. President Burgess said: "Mr. Smith made an outstanding success in directing bank activities in connection with the war loans. His personal sacrifices in behalf of banking are greatly appreciated."

The new chairman of the Association committee, which is completing plans for opening of the Victory Loan on Oct.



Mr. Knight

29, has had wide experience during the war in government finance. He is a member of the Research Council of the A.B.A., and in 1943 was on the faculty of The Graduate School of Banking, his subject being government securities. During the Sixth War Loan he was chairman of the drive committee for banks of Chicago and Cook County, Illinois.

**THE COMPLETE PRICE OF
YOUR PRODUCT OR SERVICE**



"How Much?"

Your product or service can answer that better than the price tag

WHAT does your customer mean when he asks "How much?" You can be sure it's more than how much you get for your product or service. What he's most interested in is how much *he* gets for his money.

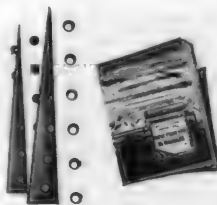
Finding the right answer to the customer's "How much?" is a No. 1 postwar problem, whether you are producing or selling goods or services. Ways must be found to furnish more for less—if you are to compete profitably with others and do your share toward achieving full employment.

That's *our* problem, too. When you ask "How much?" we realize that our answer must prove that you can achieve even greater savings in your business *now* through the use of Standard Register systems of written records.

And as we give you more for your postwar dollar, we will be helping you give your customers more. For better systems are better tools of modern management, doing a better job of controlling every operation of business, eliminating waste and unnecessary costs.

See for yourself how well Standard Register answers your "How much?". Phone your local Standard Register representative, today. Ask him to tell you how the specialized, exclusive, proven techniques and tools he employs insure you the *greater* values in Standard's systems: *effective* control of your business and *simplification* of your paper work.

If you are not taking full advantage of the facilities Standard now offers for detailed, scientific analysis and improvement in the design, method of writing or control procedure of business form systems—investigate at once:



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A.B.A. Membership is 96.1% of U.S. Banks

(Continued from page 87)

country by enrolling 67 new members in Ohio, bringing the membership percentage up from 85 per cent to 93.8 per cent.

"State Vice-president Tom O'Brien and Regional Vice-president DeWitt Ray did very outstanding work in Texas by enrolling 63 new members, thus increasing its percentage from 92 per cent to 97.8 per cent.

"Excellent results were achieved in Illinois by Regional Vice-president John Minton and State Vice-president Norman Collins. State Vice-president Marvin Selden and Regional Vice-president Nick Welle also obtained good results in Iowa.

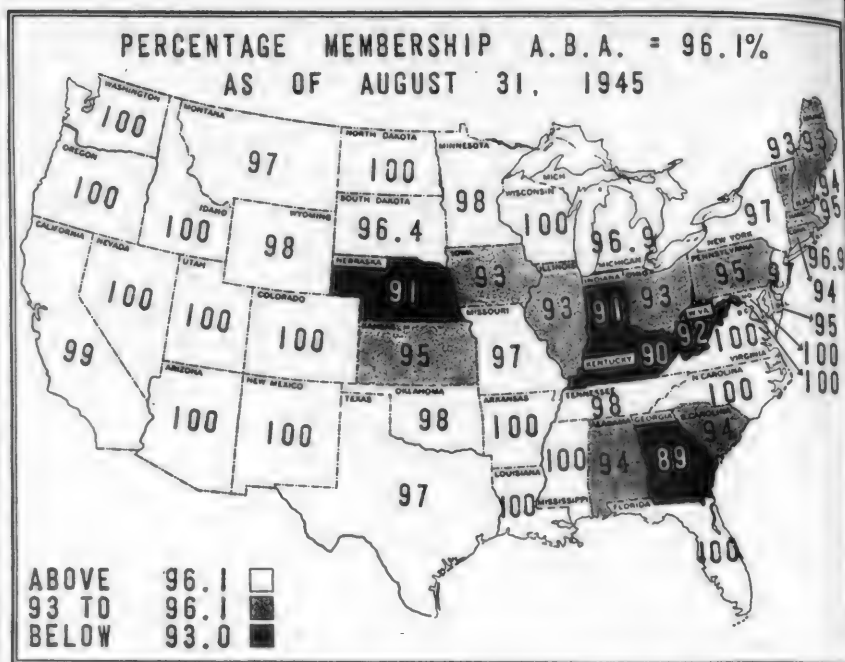
"While not spectacular from a statistical standpoint, outstanding work was done by other state and regional vice-presidents who succeeded in enrolling many of the last few remaining non-members in their states, or by dint of hard labor held 100 per cent memberships formerly acquired.

"With fewer than 500 non-members it is interesting to note that 80 per cent are concentrated in the 10 states listed below. The large number of non-members in these states seems to indicate that there are still banks not fully informed or not convinced of the A.B.A.'s great accomplishments or service to them.

| State | Non-members |
|------------------|-------------|
| Illinois..... | 60 |
| Pennsylvania.... | 45 |
| Iowa..... | 43 |
| Ohio..... | 43 |
| Indiana..... | 43 |
| Kentucky..... | 36 |
| Georgia..... | 36 |
| Nebraska..... | 35 |
| Kansas..... | 28 |
| New York..... | 27 |
| Total..... | 396 |

Membership Clinics

"During the past year our regional and state vice-presidents made hundreds of personal visits at great sacrifice of their time carrying the message of the A.B.A. Ray Dunkerley, secretary of the committee, conducted membership clinics in Iowa, Kansas, Illinois, Ohio, Indiana, Pennsylvania, New York, Texas and Connecticut with equally as much benefit to the members attending as to



non-members. The interest displayed at these clinics and questions asked clearly indicated the lack of information on the part of the vast majority of bank officers of many of A.B.A.'s functions.

"While we are pleased to submit this favorable report of progress, much work lies ahead. With few non-members in most states our vice-presidents will have more time to devote to the important task of bringing the A.B.A. closer to its members."

Tax Booklet

A new booklet entitled "Know and Accrue Your Taxes," prepared by a special committee of the Bank Management Commission, headed by James H. Kennedy, vice-president, Philadelphia (Pa.) National Bank, has been completed and released to the banks.

This booklet digests the Federal tax laws applying to banks with respect to declared value excess profits taxes, excess profits taxes, normal taxes, and surtaxes, and will guide banks desiring to set aside sufficient funds out of current earnings to take care of taxes, so that they may get on a "pay-as-you-go" basis, the same as individuals, even though they operate on a cash basis.

This booklet is known as Bank Management publication No. 109.

A.I.B. Approved by 10 States for GI Tuition

The American Institute of Banking has been approved by the educational departments of 10 states as an educational institution meeting the requirements of the Servicemen's Readjustment Act of 1944 with respect to the payment of tuition by the Veterans Administration for former servicemen and women who wish to continue their education in the banking field.

These states are Ohio, Pennsylvania, California, Virginia, New Jersey, Connecticut, Oregon, Tennessee, Rhode Island and Missouri.

In addition, several individual chapters likewise have qualified as meeting the requirements of the GI act and veterans may attend their classes with tuition paid by the Veterans Administration. These chapters include Buffalo, Chicago, Boston, Springfield, Mass., and Merrimack Valley, Mass., Seattle, Spokane, Tacoma and Dallas.

GI Bankers

"When the GI Bankers Return" is the title of a new booklet recently completed by the Committee on Service for War Veterans. It reviews plans formulated by a number of banks for the rehabilitation of their returning war veterans. A copy will be sent to all members.

Banks Praised for Ration Coupon Job

The banks, during the past three years, have done a thoroughly competent job in connection with ration coupon banking, according to Wilbur F. Lawson, chairman of the A.B.A. Ration Banking Committee, and vice-president, First National Bank of Boston.

"This splendid record, achieved during the difficult days of global war, can be jeopardized," Mr. Lawson said, "by careless handling of the remaining accounts and failure to observe carefully the regulations governing their operations. It is important that the banks bring their individual ration banking activities to a close in an efficient, clean-cut manner."

"Is Your Bank Ready?"

Study group courses of the American Institute of Banking have been called to the attention of all banks not located within areas now served by established chapters and study groups by a folder, "Is Your Bank Ready?" prepared by the Institute.

The study group plan of study is especially adaptable to use by small banks in outlying areas, which have two or more employees who would like to profit by the educational advantages of the A.I.B.

STATE ASSOCIATION PLANS

This rounds out a brief résumé from state secretaries indicating the direction of state association activities at this time. The first instalment appeared in September BANKING (pages 106-108).

CONNECTICUT: Organized recently a Joint Industrial Loan and Credit Committee in cooperation with the Manufacturers Association of Connecticut. The group has sponsored several meetings over the state to air the business man's problems, and the credit requirements of banks, with a view toward developing common ground. A new subcommittee of this group will consider ways and means of providing equity capital for newcomer corporations. The credit group of the CBA recently distributed 50,000 circulars to acquaint individuals, servicemen, firms and corporations with its purpose.

DELAWARE: Plans to follow in large measure last year's pattern of activities. The annual meeting was held in September for election of new officers, and there are plans afoot for a spring meeting at Hot Springs, with the Wilmington Clearing House Association acting as host.

MAINE: Just completing a series of group meetings, planned in lieu of a state convention which was shut out by ODT rulings. A program of action will shortly be announced stemming from discussions at these regional sessions.

MASSACHUSETTS: Action program also "in the works." Energies will most likely be directed toward increased member activity in the field of consumer credit, veterans loans, and the small business loan program, with accent on special service to the "small" borrower. Revision and unification of service charges is also a top priority subject.

OREGON: October 1 was the date line set for renewal of all activities curtailed or partially stopped by wartime restrictions. A schedule of group meetings will soon be set to study these important current problems: (1) consumer credit business; (2) government lending competition; (3) service to war veterans; and (4) public relations.

TEXAS: Announces "with the termination of the great war Texas bankers

are quickly turning their attention to immediate post-war problems—GI loans, consumer credit, public relations, readjustment of personnel, sound farming practices, and rehabilitating small business. The TBA, through regular and special committees, will tackle these problems throughout the Fall. Group and state meetings are on the agenda for the turn of the year."

UTAH: Coming year will spotlight efforts of Agriculture and Livestock Committee's progressive work in improving the livestock situation. The association has donated a number of purebred cattle to the cause, and this action will be followed by similar individual programs among member banks. The Educational and Public Relations Committee is specializing on the establishment of a pension or retirement fund for employees in all Utah banks. Special attention is now being given the veterans question.

WASHINGTON: The Agricultural Committee currently sponsors a statewide soil conservation program through 26 organized districts. Last Summer the first of a series of awards was made to qualifying farmers in a point-rating system of progress and improvement. The committee also awarded \$500 in prizes to 4-H clubbers in the form of all-expense trips to the National 4-H meeting at Chicago. Some recognition is planned, but not yet announced, for the F. F. A. boys. The Bank Management Commission, comprising a committee on manual and procedure, committee on service charges, committee on savings

methods and rates, committee on banking education and personnel, plans a very active Fall program. The first section of a new manual on procedure has been published; the section covering safe deposit and savings account forms is under way. The association-sponsored Pacific Northwest Banking School may resume operation next Summer. Meanwhile, and through the war years, it continues to sponsor special research studies.

WEST VIRGINIA: Announcement of fall program awaits decision whether to hold annual fall election meetings, which at this writing had not been determined.

KANSAS: Has just issued special informative study on application of hybrid corn to state soil conditions. The pamphlet, prepared in cooperation with the U. S. Department of Agriculture and the Kansas State College, covers the story from origin of the breed, from planting instructions to harvest. It is an important publication for area banks desiring to aid farmers build their source of income.

OHIO: Bank Management Commission has just published an earnings and expense record for Ohio banks. Sample forms are included for the member institution to work out comparisons between its operation and banks of comparative size, all tabled in the pamphlet by various size classifications.

State Conventions

With the relaxing of transportation restrictions, some state associations have been able to plan fall conventions.

★ ★

THE IOWA BANKERS ASSOCIATION announces that its 59th annual meeting will be held at Des Moines, October 29-31, replacing a one-day business session planned for September 19.

★ ★

THE NEBRASKA BANKERS ASSOCIATION will meet at the Paxton Hotel, Omaha, on November 20.

★ ★

BANKING hopes to revive its Convention Calendar, long a feature of each issue, in the near future. It will again appear in its old position, the News Paper section.

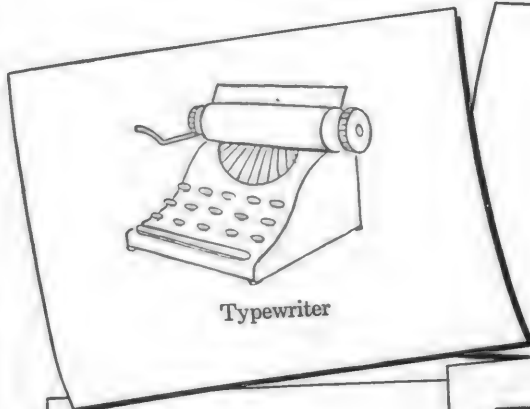
General MacArthur signs the Japanese surrender papers aboard the U.S.S. Missouri. Generals Wainwright and Percival stand back of the microphone



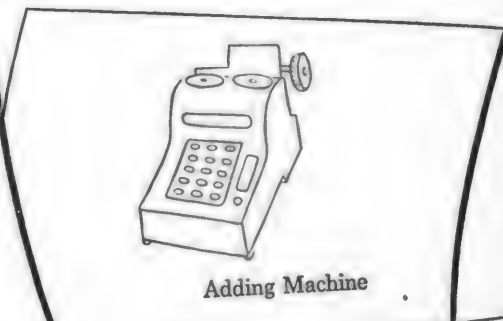
PRESS ASSOCIATION

See what banks did for government
when they gave Recordak its start

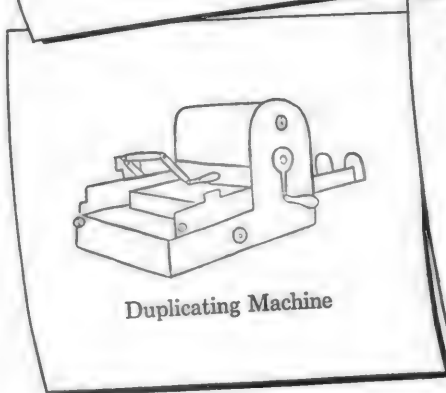
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It supplants less efficient ways of handling common business routines. It is the basis of wholly new and better operating systems and methods. It expedites the flow of work . . . simplifies . . . reduces chances for error . . . makes multiple savings in overhead charges . . . solves many special operating problems.

Who uses Recordak? And for what?

BANKS . . . as the system used in forwarding most of the nation's checks . . . to keep books . . . to retain for the protection of their depositors micro-size files of checks paid . . . to save up to 45% in per item costs.

MANUFACTURERS . . . to simplify filing of inventory cards, tools-parts lists, time cards, job cards, requisitions, and other necessary records.

ENGINEERING FIRMS . . . to safeguard war records . . . keep them from swamping files by reduction to less than 1% of original area.

DEPARTMENT STORES . . . to handle accounts receivable more efficiently and economically . . . make collections and adjustments with greater speed, fewer misunderstandings and complaints.

GOVERNMENT . . . for V-Mail . . . and to reduce big military maps to "flying size" . . . to microfilm Social Security records, War Bonds, Census returns. 98% saving in filing room space!

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The smaller the picture the more critically it must be filmed—and processed. Each Recordak "picture" is clear, complete, quickly and accurately read or copied . . . because Recordak operates "controls" all along the line. The Recordak machine is automatic; the document

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automatically photographed
with great speed at low cost...



thousands go on a single
tiny roll of microfilm



which can be projected for
either reading or copying
... or ... full-size prints on
paper are made quickly,
easily, cheaply, right in
the Recordak Reader.



takes its own photograph. Illumination, focus, and exposure are *fixed*. The Recordak lens is a Kodak lens, film is made by Kodak, film processing is up to Kodak's high standard.

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soon as possible.

Thanks to its banking start—
Recordak is now so widely used
in all business that, starting with
October issues, advertisements
like this in FORTUNE,
U. S. NEWS, DUN'S REVIEW,
and NEWSWEEK will tell business
and industry about Recordak.
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RECORDAK

originators of modern MICROFILMING
— and its uses in business systems



Kennedy General Hospital, at Memphis, Tennessee

Rehabilitation: A Victory Loan Goal

ONE of the main purposes of the forthcoming Victory Loan is to assure ample funds for re-establishing the veterans in civilian life. BANKING obtained these pictures to spotlight this rehabilitation theme.

The scenes are typical of banking service to wounded men in Army and Navy hospitals over the country. Here at Kennedy General Hospital—the Army's largest—a facility operated by the Union Planters National Bank and Trust Company of Memphis serves 5,300 patients, 200 officers, 400 nurses, 1,500 enlisted men and women, and more than 1,000 civilian employees.

The facility cashes checks drawn on banks in virtually every state, sells money orders, exchange and War Bonds, and offers commercial, pay-as-you-go and savings accounts.

The hospital, named for the late Brigadier General James M. Kennedy, distinguished Army surgeon of World War I, is a center for chest surgery, neuro and orthopedic surgery, and neuro-psychiatry.

It's easy for patients to do their banking in the hospital. Pfc. Roland Boudreau, Lafayette, Louisiana, left, and Pfc. Henry Guebert of St. Louis, are waited on by Teller W. H. Maddox of Union Planters



Above, left, M. C. Perryman, facility manager, and Colonel Albert E. McEvers, Medical Corps, commanding officer of the hospital



Below, a cadet nurse, patients and duty personnel line up to open new accounts with the manager



EVERETT MITCHELL SAYS —

"IT'S A Beautiful DAY IN CHICAGO!"



THE NATIONAL FARM AND HOME HOUR IS BACK ON THE AIR

Direct from the farm . . .

Direct from ticker rooms of market centers . . .

Direct from the biggest livestock and agricultural events in the country . . .

Anywhere in the U. S. A. that news and important agricultural developments are in the making . . .

. . . that's where we set up the mikes to broadcast the National Farm and Home Hour in cooperation with the United States Department of Agriculture.

It's the old, familiar hour farmers have known and enjoyed, plus many new entertainment and educational features. Wherever important events occur on the agricultural front . . . farmers will hear the news. They will thrill to the excellent music of a top-notch, 30-piece orchestra . . . will catch the excitement of the International Livestock Exposition, the National 4-H Congress, the National Corn Husking Contest and other important events.

And from the U. S. D. A. will come *official* news, an authentic calendar of farm trends and markets.

In bringing this service to the American farmer, Allis-Chalmers — pioneer of modern equipment for the family farm — seeks to contribute its share to better farm living and greater farm prosperity.

SPONSORED BY

*Every Saturday
on NBC Network.*

ALLIS-CHALMERS
TRACTOR DIVISION • MILWAUKEE 1, U. S. A.

METHODS *and* IDEAS

JOHN J. McCANN

Want to Brush Up, Boys?

WE borrow an idea from BANK OF AMERICA's house organ, which in a recent issue headlined the poser, "Want to Brush Up, Boys?" Through the personnel relations department, the bank offered veterans hoping soon for discharge the opportunity to study the various operations manuals, and bone-up on new techniques and methods. Copies of the manuals are ready for shipment to bases at home or abroad to be studied in leisure . . . a thought any bank concerned about key personnel might adopt with ease and profit.

Institutional Idea

Without even a remote runner-up, the most popular theme of present-day bank sponsored institutional advertising is the home town. Banks recognize there's a real job to be done in selling the home town to the vast group of dislocated war workers, and to the influx of newcomers who see a future in the job opportunities offered by local manufacturers, now turning out peacetime goods. There's a job to be done in inviting desirable business to take root and grow, for new business adds to the affluence of the bank. Even the plain garden variety of citizen likes to be sold—or should we say resold—occasionally that his is the best town in the country.

If you are looking for a new slant, a fresh approach, investigate the campaign sponsored by the MANUFACTURERS' ASSOCIATION OF RACINE, Wisconsin.

This is what the author calls "a little experiment in community education"—not entirely public relations, not exactly institutional, yet touching lightly on all things.

The series is not aimed at any particular class. It is slanted rather toward the community's common interests: better home and living conditions, better opportunities—the appeal embracing readers' spiritual as well as material instincts. Each ad carries the slogan "Racine is my home" with a line cut silhouette of the city skyline.

The series tells of Racine's growth; its present advantages; the diversified character of local industry. Many ads discuss basic facts of economics. Others tell the story behind local trade names and trade marks, the congenial facilities for living in a socially-conscious community, and here and there a spiritual message.

While Racine is particularly proud of the job it is doing with this campaign, there's no patent on the program. It's yours for adoption.

Vet's Department

NORTHWESTERN NATIONAL BANK of Minneapolis installed an attractive veterans' department at one end of the service island in the center of the bank lobby, by simply blocking off a section with beaverboard columns, as illustrated on this page. Here the vet opens checking and savings accounts, applies for his loan, or gets his initial introduction to any other service function of the bank. One thing is especially noteworthy: In neither advertising nor in

personal contact is the veteran urged to borrow under the GI act or otherwise, although his needs in this respect are quickly honored. The point is that the service center is designed to function on all veteran's problems—with no particular accent on attracting loans.

Quiz Test

A novel adaptation of the radio quiz program idea to intra-bank education, recently introduced by the FEDERAL RESERVE BANK OF MINNEAPOLIS to better acquaint its staff with functions and services, has proven a popular feature.

Called a "Quiz Contest," the program works like this: Each Wednesday a group of five questions, with answer sources, are posted about the bank and its War Bond annex; on the following Tuesday those whose names have been drawn are telephoned while at work and asked for their answers. Correct answers mean cash awards. The calls continue until all five are answered or until 15 names have been drawn.

To add interest, there's a weekly unposted "jackpot" question, which is sprung unexpectedly on one or more of the employees drawn during the weekly contest. The "jackpot" prize is divided among those who have the right answer, or to a single individual as the case may be. Two "quiz masters" alternate in placing the inter-office phone calls, and 30 seconds is the time allotted for an answer.

The questions pertain to the Ninth Federal Reserve District, and are based on the functions and purposes of the Federal Reserve System, Treasury functions and financing, matters of general banking interest, agriculture, economics, and other subjects that encourage research and reading. To be certain of winning, if his name is called, the employee simply looks up the answers to the posted questions in the sources recommended.

New Service

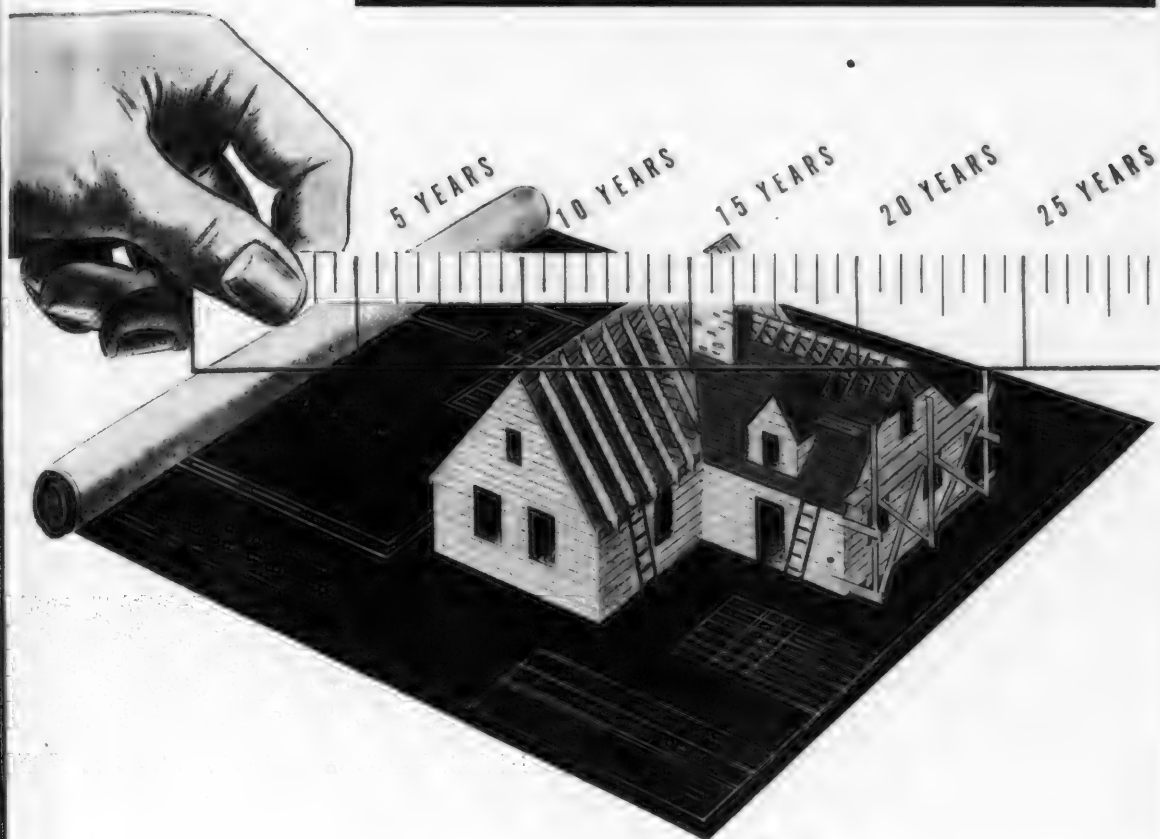
A new service, recently announced by the BANK OF PASSAIC (New Jersey) AND TRUST COMPANY covers a subject which in yesteryears was too personal to broach. The service is a funeral expense budget plan set up for the purpose.

(CONTINUED ON PAGE 99)

Veterans' department in the lobby of the Northwestern National Bank, Minneapolis



CHECK THE ELECTRICAL YARDSTICK



It will pay you to check the electrical yardstick with builders when you discuss loans with them because new homes must be wired to meet today's demand for modern Electrical Living—and to be ready for tomorrow's needs.

Here's the basis of your electrical wiring yardstick: (1) sufficient circuits and outlets; (2) wire of ample size; (3) modern circuit protection; and (4) wiring devices and workmanship of highest quality.

To assist you in developing a practical electrical yardstick to gauge loan applications, we will be glad to send you free copies of "Electrical Living in 194X" and "Manual of Better Home Wiring". Contact your nearest Westinghouse distributor or district office, or write Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh, 30, Pennsylvania.

1-91525

Just issued — Westinghouse Home Wiring Handbook—a 120-page practical guide for wiring homes for Better Living. Price, \$1.00 postpaid.



Westinghouse
PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE

BETTER HOMES DEPARTMENT

They will speak for you—those letters that you have just dictated to your secretary.

They will speak not only through word and phrase and idea, but through appearance.

And it will be the first impression of these emissaries of yours that will count most. In tone and character, they must have the air of the executive.

Give your letters the voice of authority

and the executive distinction that truly represent you by using Ecusta Fine Flax business and air mail paper.

In America today, no more distinguished stationery can be found. Made by a new process from virgin flax fibre, Ecusta paper is clear spotless white, subtly textured, exemplifies dignity and character.

ECUSTA



PAPERS

ECUSTA PAPER CORPORATION • PISGAH FOREST • NORTH CAROLINA

METHODS—Continued

chase of a certificate for cash payment on an insured loan basis.

The advantages are: (1) Provision is made in advance against a contingency that is certain to come; (2) the amount of funeral cost is predetermined, thus relieving the bereaved of difficult decisions. The plan, fully endorsed by National Selected Morticians, can be readily offered through banking channels on a program of instalment savings in the form of a club arrangement; the purchase of a certificate by full cash payment in advance; through a joint bank account with a mortician; through a simple trust fund arranged through a local trust company; or as more commonly done through life insurance written specifically for this purpose.

It has been predicted that the future will see the average American take out some form of funeral insurance with no more squeamishness than he takes out life insurance and hospitalization today.

Trust Department Checks

Simplified issuance of trust department checks was described by Rodney P. Lien, vice-president and comptroller of the CLEVELAND TRUST COMPANY in a recent issue of *National Auditing*. The old method (taking a commercial traffic company's account as an example) involved: (1) Writing checks to carriers in long hand, (2) adding-machine listing of checks written, (3) long hand descriptive list of checks, (4) another machine listing for proof, (5) fully descriptive check register entry, (6) writing and posting (in duplicate) five-item statement advice to company, (7) machine listing of statements to balance, (8) ledger posting for each commercial traffic customer, (9) adding-machine listing of ledger to balance. Under the simplified methods these nine steps are reduced to two: (a) Writing "checks" and "check register" on machine that accumulates total and (b) posting statement advice in triplicate on continuous form automatic machine and the keeping of one copy as ledger sheet for each account.

Double-Barreled

Attractive enclosures are playing a part in CALIFORNIA BANK'S (Los Angeles) extensive advertising campaign now under way. The enclosures are reprints of newspaper ads used in the campaign, sent out with regular checking account customers' statements. Miniature reprints of the California Bank Trust Company series are



FRIDEN Fully Automatic Calculators

will lighten your increasing burden of Figure Work with *accurate answers*, quickly and easily produced. Telephone or write your local Friden Representative and learn how anyone in your office, with less than fifteen minutes instruction, can be taught to produce usable figures on your own problems.

NOW *available*, your answer to reconversion's demand for efficiency; modernize with Fully Automatic FRIDENS. Let the calculator ...not the operator, do the work.

Friden Mechanical and Instructional Service is available in approximately 250 Company Controlled Sales Agencies throughout the United States and Canada.

FRIDEN

FRIDEN CALCULATING MACHINE CO., INC.

HOME OFFICE AND PLANT • SAN LEANDRO, CALIFORNIA, U. S. A. • SALES AND SERVICE THROUGHOUT THE WORLD



A former brownstone house living room has been transformed into a one-room apartment by the Bank for Savings, New York City, as part of a home exhibit to stimulate saving for home decoration, and to show local customers how to live modernly in brownstone homes



Latest Quotations Prompt Execution

Our direct wire connections, both telegraph and teletype, assure correspondent banks of utmost efficiency in the purchase and sale of

U. S. GOVERNMENT BONDS

TREASURY BILLS

CERTIFICATES OF INDEBTEDNESS

TREASURY NOTES

Inquiries are invited

Telephone Franklin 6800—LD 92-93-313
Teletype CG 987

The First National Bank of Chicago

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

also mailed with monthly data on taxes to a list of attorneys, customers and prospects.

Each enclosure is printed on a different color stock, tending to freshen the message the reader has originally seen in the daily papers. This is the way to add an extra barrel in selling.

Problem A

Believing that too many agencies dependent upon New York for their prosperity are promoting the exodus of people from the city, THE BANK FOR SAVINGS decided on the constructive move of encouraging New Yorkers to live at home and like it. Since half the bank's customers live within walking distance of its location near Gramercy Square, it followed that anything which gave residents greater interest in their homes would also tend to stabilize the bank's source of depositors, actual and potential.

Accordingly, THE BANK FOR SAVINGS tied-up with James McCreery & Company, department store, and together they redecorated and furnished an old brownstone mansion adjoining the bank as an exhibit hall of things that make a home more enjoyable. The model rooms included an 18th Century bedroom, a three-in-one modern living room, and other tastefully decorated chambers which served to illustrate the transformation possible with new paint, a few yards of chintz, and carefully chosen new furniture. The idea being, of course, to influence purposeful savings, as well as demonstrating that the old brownstone homes, typical of the section, need not be so gloomy after all.

Insurance File

In Detroit the other day we picked up an idea on simplifying the conventional filing system for insurance policies covering mortgaged properties. Many banks keep insurance records on separate card files, usually in duplicate, one filed numerically, and the duplicate card by expiration date. Maintenance of such records is a time consuming job, especially when the duplicate card system is used. There are frequent changes and, as it appears, much unnecessary handling.

THE UNITED SAVINGS BANK of Detroit discarded the old system some time ago in favor of simply filing the policies themselves, flagged with colored tabs as to expiration dates. The batch expiring each month is pulled, and set in a forward section to be worked on, and so the files are rotated through the year. This eliminates the card file entirely.

(CONTINUED ON PAGE 102)

WHEREVER YOU GO BURROUGHS MACHINES ARE GIVING SATISFACTION

Wherever you go—in big business concerns or small retail stores—users of Burroughs machines are satisfied users.

—Satisfied with Burroughs engineering . . . precision manufacture . . . simplicity and versatility of design . . . construction for long, dependable service.

—Satisfied with Burroughs range . . . machines for practically every figuring, accounting, statistical and cash-handling task . . . machines designed for specific kinds of work . . . machines designed for flexibility and versatility of application.

—Satisfied with Burroughs service . . . efficient maintenance . . . promptness in emergencies . . . dependability year in and year out.

—Satisfied with Burroughs helpfulness . . . counsel in making applications that will work most efficiently . . . assistance in seeing that installations continue to function smoothly.

BURROUGHS ADDING MACHINE COMPANY
DETROIT 32, MICHIGAN

FIGURING, ACCOUNTING AND STATISTICAL MACHINES • NATIONWIDE MAINTENANCE SERVICE • BUSINESS MACHINE SUPPLIES



1st
Burroughs
IN MACHINES
IN COUNSEL
IN SERVICE

Illustration shows an accounting office of Higgins Industries, Inc., New Orleans, Louisiana—one of thousands of government, armed service and war industry offices that have had need for great quantities of figuring, accounting and statistical machines in carrying out their wartime assignments.

METHODS—Continued

since all essential working information is carried on the face of the policy, and there's obviously little point in drawing off the information on elaborate card forms. Working with the original document itself, a clerk may maintain the file with ease and accuracy.

Help Wanted

Despite the fact that 120,000 factory workers were temporarily out of work in Detroit early in September, the shortage of skilled labor in the building trades remained as acute as ever.

In the belief that many unemployed war workers were former carpenters, masons, or bricklayers, and that they could be induced to return to those trades without waiting for the automobile plants to reconvert, the UNITED SAVINGS BANK OF DETROIT, desiring to assist and cooperate with the Builders Association of Metropolitan Detroit, prepared a "Help Wanted" newspaper ad in three column x 10" size, and published it on September 6, 7, and 10 in the three leading Detroit daily newspapers.

"Contrary to general belief," commented William W. Slocum, president

of the bank, "there is an ample supply of building materials on hand in Detroit for the immediate construction of 3,500 new homes in the \$8,000 price bracket for which priorities have been issued. These homes may now be built for any credit-worthy person—all 'war worker priorities' having been removed. In addition, several hundred priorities have been issued to World War II veterans for the construction of new homes costing up to \$10,000.

"Realizing that this situation is generally known, and also knowing from our close daily contact with the city's many contractors and home builders that a shortage of skilled labor is the present bottleneck to an immediate home building program of more than 3,500 units, we prepared and published the unique 'Help Wanted' ad—in the hope that it might get quick results in the immediate resumption of residential construction.

"Within 24 hours after the last ad had appeared, the Builders Association office reported a total of 202 personal applications for employment, resulting in the immediate placement of 27 experienced carpenters, 40 handy men to assist carpenters, 10 experienced bricklayers and stone masons, five handy men with some experience in masonry, and seven placed in miscellaneous building jobs—including one woman house painter.

"That part of the ad addressed to veterans also had an interesting response, with 36 vets applying for post-training as apprentice carpenters under the Veterans Administration educational program, four as apprentice bricklayers, plus six non-veterans applying for apprentice training.

"Thus, with 134 men and one woman almost instantly connected with employment in the local building trades and more applicants appearing hourly, this summary is being prepared, we feel that our three column x 10" ad really is doing quite a constructive job in the construction industry."

No Interest Savings

Because of the decline in local loans, the STATE SAVINGS BANK of Gagetown, Michigan, found the burden of paying 1 per cent interest on savings deposits which comprised 70 per cent of its deposits, too heavy. There was no outlet for the funds except in 90-day Treasury certificates at .37 of 1 per cent.

On June 1 the bank decided to stop paying interest on savings deposits. Contrary to expectations it did not lose deposits when the new ruling went into effect; savings deposits have remained.

(CONTINUED ON PAGE 105)



ST. LOUIS

St. Louis...and the Automotive Industry

Prior to the War, the production of automobiles and automobile equipment ranked second in value of products manufactured in the St. Louis industrial area. Already plans are being made for a great peacetime expansion of such production.

As have others, this industry has recognized and been aided by the strategic, central location of St. Louis...particularly the city's

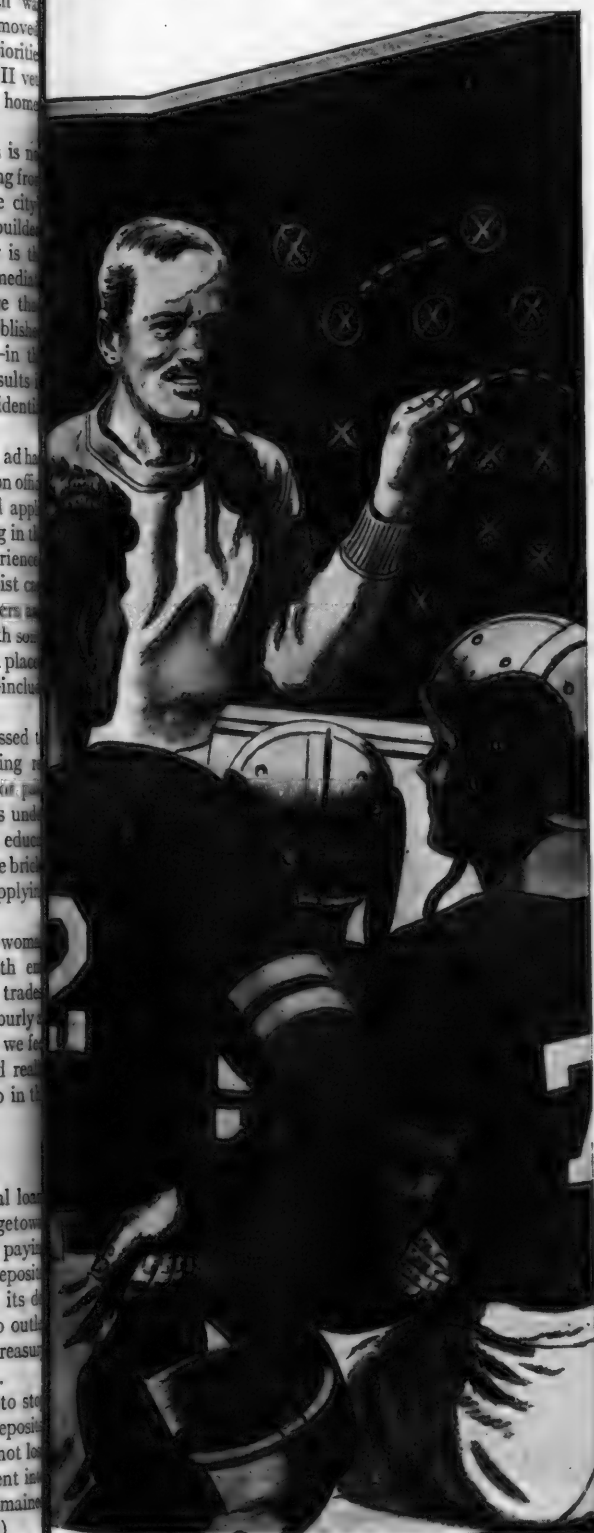
unexcelled facilities for economical, nationwide distribution.

It has been the privilege of Mercantile-Commerce to work with and grow with this and many other industries in the St. Louis area. The diversified industry of this city has provided a wealth of valuable experience that is always at the service of our correspondent banks.



MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

YOU'RE ON THIS TEAM!



Make sure you know all the plays



The Bank and Agent Automobile Financing Plan puts banker and insurance agent on the same team. Working together, you can make big gains. But first, you must be sure you know all there is to know about this plan.

May we call your attention to two new and very important manuals? Here are their titles, and the addresses where non-members of either association may purchase copies:

- 1 "Serving The Millions," a complete Bank-Agent Plan manual for the insurance man. Write National Association of Insurance Agents, 80 Maiden Lane, New York, N. Y.
- 2 "Direct Automobile Loans to Purchasers and Owners," a detailed manual for bank personnel. Write American Bankers Association, 22 East 40th St., New York, N. Y.

We believe that all insurance agents and bankers should read *both* of these manuals, for they give a complete outline of the plan in all its phases.

We'd like to send you five free bulletins, published by The American Insurance Group, describing Bank-Agent Plans which have worked — and worked successfully — as well as other Bank-Agent Plans now being formulated.

There's no cost or obligation for these five free bulletins. Just clip and mail the coupon below. Do it today, for this plan promises to be one of the important developments in modern banking and insurance history.

THE American Insurance Group

Newark 1, New Jersey

The American Insurance Company • Bankers Indemnity Insurance Company • The Columbia Fire Insurance Company • Dixie Fire Insurance Company • The Jersey Fire Underwriters

FIVE FREE BULLETINS! CLIP AND MAIL THIS COUPON

THE AMERICAN INSURANCE GROUP, Dept. 185, Newark 1, N. J.

Please send me — without cost or obligation — your five free bulletins concerning the Bank-Agent Auto Plan.

Name _____

Address _____

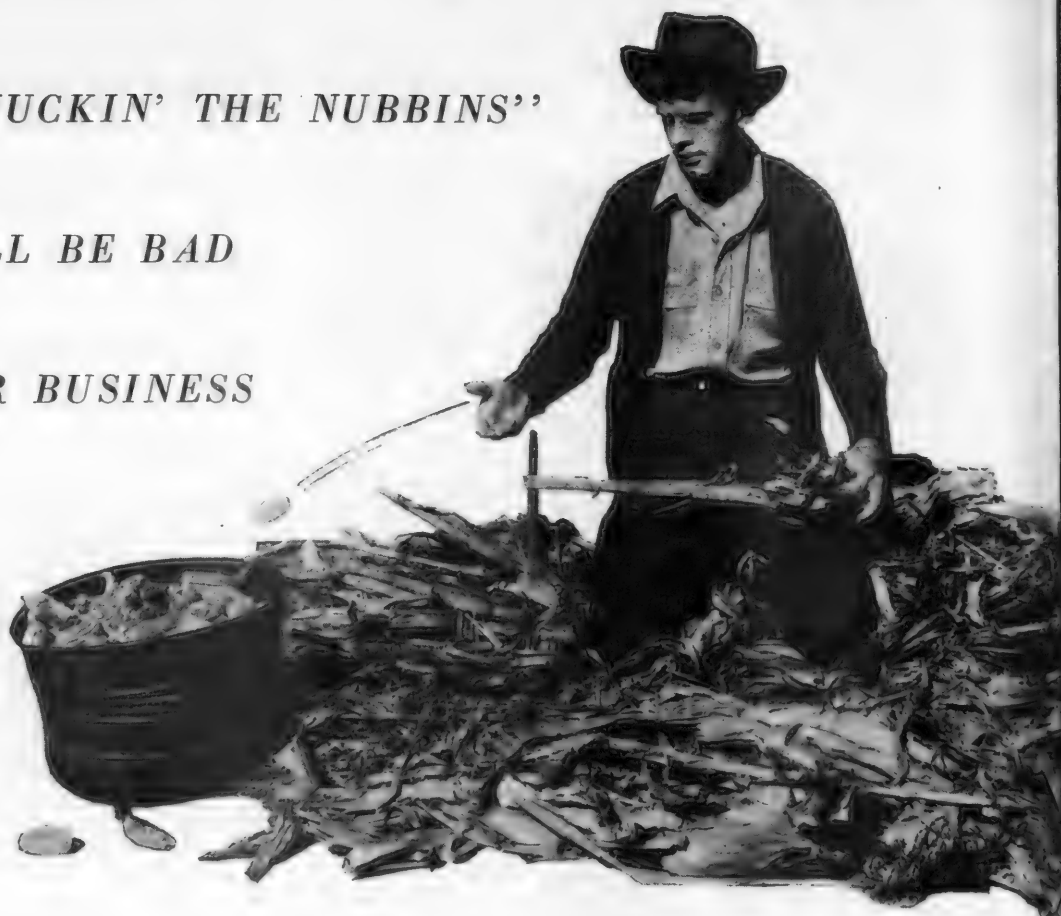
City _____

State _____

‘SHUCKIN’ THE NUBBINS’

WILL BE BAD

FOR BUSINESS



“Shuckin’ the nubbins” is an old farm expression that means making the best of what is left. It is to everyone’s selfish interest to realize that if farming continues on the same basis it has in the past, the day can well come when America will be “shuckin’ the nubbins” of a once great agriculture.

The simple truth is that the productivity of the worker in industry has steadily increased, while the productivity of the man on the farm has lagged behind. The natural thing has happened. Farmers have bled the fertility of their land to help balance

high production costs. In one year alone, thirty-five 100-acre farms went out of production every 24 hours.

That’s serious!

When a business is faced with high production costs that threaten its very existence, it usually increases its capital investment, and with more modern methods drives costs down.

The same should be done on the farm. Men who have studied this problem agree that America must make an investment of at least 40 billion dollars and 13,000,000 man years of labor in its farm plant to

put a stop to the downward course of agriculture.

Reclamation and drainage projects, reforestation of exhausted land, soil conservation, modern farm buildings, good rural roads, rural electrification, modern machinery and equipment and creation of part-time farms—these are some of the basic needs of American agriculture if it is to survive.

To speed this program is a task no businessman or farmer can take lightly. America’s greatness in the last analysis depends upon . . .

...PROSPERITY FROM THE GROUND UP

(Booklet upon request)

HARRY FERGUSON, INC. • DETROIT, MICHIGAN

FORD TRACTOR WITH FERGUSON SYSTEM AND FERGUSON IMPLEMENTS

METHODS—Continued

at the June 1 level. The bank is able to keep going and pay expenses now, while neighboring banks that still pay interest are watching the procedure with a great deal of interest, according to the bank.

Stopper

The photograph on this page shows the crowds stopped by Westinghouse Electric Corporation's display in the window of the FARMERS DEPOSIT NATIONAL BANK of Pittsburgh. Feature of the unit was a map of the Pacific area, garnished with models of Westinghouse products produced for war. There was also a tie-in with radio station KDKA which piped several news casts daily through a loud speaker located on the outside of the building, immediately above the display. Set up three weeks prior to V-J Day, this display drew increasingly bigger crowds of spectators (and listeners) as Pacific news drew toward a climax.

We might observe that there are many opportunities of tying-in manufacturers' exhibits with locally sponsored radio programs. In fact, it would be most appropriate for a bank to pipe its own radio program over loud speakers in and about the bank.

New Copy Theme

Here's a comparatively young institution of 23 Summers, the MORRIS PLAN BANK OF VIRGINIA (Richmond), telling its success story with unique copy themes. To paraphrase President Thomas C. Boushall's philosophy, the success of an institution can't be hung on merely money, because we all deal in the same commodity. It's the things you deal in more important than money that count; things that go far beyond the ordinary financial transaction that make a customer and keep him. "You can't put your finger on it," he says, "but there it is."

The new campaign thus attempts to define the indefinables. And it does it effectively by illustrating with such colloquialisms as "Mrs. Burton's Green Thumb," and the interesting paradox of the bank "With More Important Things Than Money." These arresting captions lead to the bank's philosophy of giving the baker's dozen in service and satisfaction.

Bank Notes

Meadville (Pennsylvania) banks, a group which made noteworthy strides in cooperative advertising during the war years, continue their program with



Crowds came to war exhibit and news casts at Farmers Deposit National Bank, Pittsburgh

Understanding Institutional Requirements

We offer to institutions the results of years of experience in helping to meet the special requirements of this type of investor.

Because of our nationwide facilities and knowledge of comparable security values and markets, our Institutional Department is utilized by many organizations in all parts of the country.

We cordially invite you to take advantage of these services.

MERRILL LYNCH, PIERCE, FENNER & BEANE

*Underwriters and Distributors of Investment Securities
Brokers in Securities and Commodities*

70 PINE STREET

NEW YORK 5, N. Y.

Offices in 87 Cities

an interesting new technique. On a regular schedule, the group sponsors a full page advertisement in the local press, carrying a banner headline, "Meadville Bank Notes." The general make-up of the page is in bulletin form. The subject matter varies, but it has an overall news flavor. For example, a recent advertisement editorialized on the brilliant future of local business. A boxed section told the story of reconversion of local war plants in pictures and text; important plants were listed by name. Another section illustrated graphically the fortunate geographic position of the town in its relation to the East and Midwest. Another feature headlined the fact that the local bank group sold more than \$40 million of War Bonds during the war. The only direct selling in this

particular advertisement was a two column story on consumer credit, and the facilities set up by the group to meet all local credit needs. Unlike the conventional forms of cooperative advertising, this series does not identify the sponsoring institutions by name.

Consumer Purchase Club

Several general consumer merchandising plans with promotional literature are available to banks. The FIRST-CENTRAL TRUST COMPANY, Akron, Ohio, has recently adopted the Futura Purchase Club plan, and invites customers to join the "new, easy plan to own all the things you've waited for." The purpose of membership is to accumulate money for down payments on appliances, automobiles, homes—what-



The purchase club lobby display at the First-Central Trust Company, Akron, Ohio

ever members plan to purchase in the future. When first payments have accumulated and members are ready to make their purchases the bank will finance the unpaid balances on convenient terms and at low bank rates.

The program is merchandised by newspaper ads, lobby posters and displays, radio, house to house circularization, direct mail pieces, and booklets on consumer goods suitable for bank financing.

Members receive a quarterly brochure featuring many of the new and improved products that will soon be available for their convenience and comfort. Also, the FIRST-CENTRAL TRUST COMPANY has established a library of buyers' information containing literature and catalogs from leading manufacturers for their use.

The bank is seeking to interest local dealers in the program, believing it is to their advantage to cooperate closely with the bank. It is supplying the dealer with quarterly digests in which appear articles of post-war interest to them on various lines of business.

Conferences on Business Credit

To promote broader use of new types of credit service and to form closer working arrangements with correspondent bankers, the WACHOVIA BANK and TRUST COMPANY of Winston-Salem conducted four conferences in North Carolina in September on the general theme, "Bank Credit for Post-War Business."

The series opened at Asheville and other meetings followed at Winston-Salem, Raleigh, and Charlotte. Bankers throughout the trade area of each city were invited.

The conferences began with a luncheon session, continued with a round-table discussion during the afternoon and concluded with a dinner program. Subjects covered included term loans, accounts receivable financing, field warehouse credits, consumer credit and veterans' loans.

(CONTINUED ON PAGE 108)

Always Available

GOVERNMENT BOND SERVICE

As a part of our complete correspondent service, our Bond and Investment Departments offer analysis of your Government Bond portfolio.

We invite you to take advantage of this service, which we consider one of the most important we can offer correspondents today.

MISSISSIPPI VALLEY TRUST COMPANY

90 YEARS

OF BANKING EXPERIENCE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION





Harvest Time

There is a time of planting and a time of harvest.

Now, in this autumnal season, we can see about us the full harvest—so important in the winning of victory. These crops, so carefully planted, were harvested only after they had reached their full maturity.

This planting and harvesting process can be, indeed should be, applied to the purchase and holding of Victory Bonds.

Most Americans have invested their funds in U. S. Government Bonds, earmarking that money for a definite future purpose. To cash them prematurely, is

to defeat the objectives for which they were purchased.

When these bonds are cashed to make unnecessary purchases of goods under present conditions, the purchaser gets less for his money and dissipates funds intended for specific uses.

Next time you think of cashing in your bonds—think of the day when you will get your money's worth and *more*. Hold them and remember why you bought them.

☆ THE HOME ☆
Insurance Company
NEW YORK

FIRE ★ AUTOMOBILE ★ MARINE INSURANCE

METHODS—Continued

Each program was opened with an address by President Robert M. Hanes on the subject, "The Job Ahead for Banks." A number of Wachovia credit officers participated in the sessions and led the round-table discussions.

New Business

The SUMMIT TRUST COMPANY, Summit, New Jersey, found a way to develop a considerable amount of commercial loan business during the war years when it was very difficult to accomplish this. Once a year the bank calls for a financial statement from all of its commercial borrowers.

In examining the statements the

bank made it a policy to note wherever there appeared among the assets an item of cash surrender value against insurance policy. The customer was contacted to find out if he had any loans against his policy. In 90 per cent of the cases the bank found that the customer was borrowing from the company at a rate of 5 or 6 per cent and almost without exception, the bank took those loans at a rate of 3 or 4 per cent. This not only pleased the customer but gave the bank an excellent secured loan at a good rate under these conditions.

Wherever the statement showed a mortgage outstanding, the bank also looked into the matter and in many cases by giving the customer a little break in the interest rate, it was able to obtain the mortgages for its portfolio.



WHENEVER bankers gather, you hear talk about the "Fifth Third" service rendered Correspondent Banks. Since 1858, more than 85 years, our relations with Correspondents have been marked by mutual and highly satisfactory cooperation. Frankly, we believe this service is something *worth talking about*.

If you have not experienced this relationship, we would like to talk about it with **YOU**

The FIFTH THIRD UNION TRUST CO
CINCINNATI, OHIO
Member Federal Deposit Insurance Corp.
Member Federal Reserve System

Prospect for Lively Banking History

(CONTINUED FROM PAGE 38)

the economic system which is its special responsibility more serviceable and more efficient. No less than 10 of the committees and divisions of the association have, as their task, the improvement of banking methods and facilities throughout the nation. These activities permeate the entire banking system. The magnitude of their operations and their importance to banking as essential elements in American life can only be summarized here. But it is no overstatement to add that banking could hardly exist without them.

The American Institute of Banking is a most unusual example of education within a business. The Graduate School of Banking offers advanced training for officer personnel. The Insurance and Protective Committee reports a full year's work in improving the vigilance and protective machinery of banks against loss and in reducing insurance rates on that score. The Research Council directed numerous studies of interest to banks. The Bank Management Commission directed improvements in 10 or more technical phases of banking. The Committee on State Legislation gave detailed attention to and cooperation in the revision of state banking laws. The Committee on Federal Legislation kept track of legislation in Congress which concerned the banking system. The State Association Section constitutes an active liaison between the A.B.A. and state associations. The National Bank Division directed its interest to the special problems of national banks. The State Banking Division, the largest in the A.B.A., specialized in problems relating to state banks.

Through these active divisions and committees, there is created the correlation of the contacts and services of thousands of individual institutions. The significance of each bank and banker's daily work is brought out against a background of countless similar operations everywhere. Banking thus becomes a living reality, not merely a generic name."

Public Relations

FIVE of the A.B.A.'s activities have dealt with the general problem of public relations.

The Advertising Department is unique
(CONTINUED ON PAGE 111)



"You'll be smart, Jim, to finance your new car through your bank"

THE Bank and Agent Auto Plan is fast catching on. It was bound to. The public has begun to appreciate that this modern, simple plan for financing and insuring an automobile saves them money on financing and assures them of complete insurance protection and service through their own insurance agent. In addition, more and more banks are starting to use the Plan. They know that the Plan has worked successfully for many other banks; that it can also be made to work for them. They realize that the Plan will help them obtain an increased volume of desirable loans. Also, that these loan customers will be excellent prospects for the many other services of the bank. Yes, with tens of thousands of insurance agents and brokers anxious to become unsalaried salesmen for their local banks, the Bank and Agent Auto Plan offers banks an unprecedented opportunity. Is your bank using this Plan?



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Remittances of funds abroad provide correspondent banks with a timely, fertile field for the development of additional revenue and an opportunity to establish a closer relationship with individual customers. The volume of these transactions is assuming important proportions as Government regulations permit the resumption of remittances to additional countries, especially in the European Area.

Hundreds of correspondent banks handle this business through us. Most of these banks do not maintain Foreign Departments but follow this easy plan.

1. *They accept instructions from customers and relay them to us on forms provided for this purpose or by a single letter.*
2. *When the name of our correspondent bank is imprinted on these forms, the customer receives a receipt of his own bank.*
3. *Our correspondent banks abroad in turn execute these remittances and obtain beneficiaries' receipts which are forwarded to our banking friends here.*

Upon request, we shall gladly forward samples of our remittance forms, a schedule indicating the areas to which remittances are now possible, and additional data concerning commission and cable charges.

Manufacturers Trust Company

55 Broad Street, New York 15, N. Y.

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BANKING HISTORY—Continued

in the number of people served, in the variety of services offered and in total output of material. More than 7,000 banks are provided with advertising material of all sorts. This department is thus able to set the tone and suggest the manner in which banking is brought, through advertising, to the people of the country. The department, moreover, goes beyond bank advertising and provides in various ways to stimulate that buying and selling in all lines which are so essential to full post-war prosperity.

The Committee on Public Education promotes the public activity of bankers by offering materials for public addresses by bankers.

The Public Relations Council considers and recommends broad policies relating to the public contacts of banking.

The News Bureau is the general medium through which passes material of general interest to the press and other agencies of public information.

The magazine *BANKING* is the means through which there is portrayed the "living history of banking." Its circulation reaches not only bankers, but individuals and institutions in every field of activity.

Conclusion

THE strongest impression which I received from these reports is the absence of cant, generalities and complaint. Too often business associations use their meetings and committees to preach the broad generalities of free enterprise or to heap invective upon government. Both of these quite useless practices seem to be absent from these reports. The A.B.A., speaking through its departments and committees, sums up by inference, but nonetheless with great emphasis, a basic fact too often forgotten in these days when private initiative meets government on every side. That fact is that the language every American can understand and respect is practical service. Banking and every other private business can survive and prosper only in proportion to what it does for the public. These reports tell of a massive total of public service. Banking is not living off, but living for the nation.

It is, moreover, living for the future. No American institution has more earnestly tried to be ready for the uncertainties which lie ahead. The measure of its success in the years to come is its awareness of the complex problems of the present. It moves forward with a sound body and a clear head.

The Lincoln Bank and Trust Company, Louisville, Kentucky, recently sponsored meetings on consumer credit for its correspondent banks. Here is one of the sessions



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UP-TO-THE-minute statistical information on U. S. Government Securities and the latest quotations are at your disposal in the Bond department of this long established Chicago bank. Being a dealer and specialist in such issues, The Northern Trust Company provides efficient and prompt service in their purchase or sale. Banks interested in U. S. Government Securities are invited to inquire.

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"When I came here (as trust officer) I found that this bank had used your program continuously. The attitude of the public toward trust service is excellent, and personal solicitation a pleasure. I attribute this to the direct mail program which has so satisfactorily prepared the way for me."

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Many trust officers attribute much of the continuing success of their trust departments to the use of trust promotion programs prepared by Purse. Without obligation, ask for a demonstration of such a program, planned to meet your requirements. We will submit it by mail, if you prefer.

The PURSE Company

Headquarters for Trust Advertising

CHATTANOOGA, TENNESSEE

Protection Against Capital Losses

DURING 1945 the Treasury has pursued a policy of refunding maturing issues with low coupon short-term obligations. Since a large percentage of the short-term issues now outstanding are held by commercial banks, this policy will undoubtedly be continued in order to restrict the amount of higher coupon issues getting into bank portfolios. As long as we have deficit financing this refunding of maturing issues must continue and there appears to be little prospect of a balanced budget for a number of years. Thus it appears that maturing issues for quite a while will be refunded with low-yielding securities.

In recent exchange offers about 90 per cent of the maturing securities have been exchanged which indicates that very few of the short-term issues are held for redemption purposes. Therefore in many cases these securities must be held as a protection against capital losses due to the assured price of 100 in the near future.

THE factor that produces a loss in government bonds is a change in interest rates. Under our present interest pattern the shortening of maturity automatically affords a substantial amount of protection against such a contingency. At present prices a five-year government yields approximately 1.40 per cent compared with less than 1.20 per cent on a three-year maturity. Thus protection against a 16½ per cent increase in interest rates on three-year issues within two years is automatically furnished by the passage of time.

The additional income received from five-year obligations adds greatly to the protection against a change in interest rates. If funds are invested at the current market rate of .80 per cent for one-year obligations, two years hence it would be necessary to switch into a three-year bond yielding 1.80 per cent in order to obtain the same amount of income in five years, without lengthening maturities, that the 52-50s will produce at current prices. Since the current yield on three-year obligations is less than 1.20 per cent, the additional income received provides protection against a 50 per cent increase in three-year rates, two years hence. In later years the change in rates could be much greater. The interest advantage and amortization of the 52-50s would reduce the book value of a purchase at current prices to the market curve that existed a year ago in less than one year. A continuation of this policy would have the book value down to par in approximately half the life of the bond.

IT has been shown that the shortening of maturity and additional interest received on a five-year government gives considerable protection against a change in interest rates. Protection against this risk is obtained by many institutions through abnormally large short-term positions. However, the cost of the protection under this method is rather high due to the lower income. At present the income differential between five-year and one-year governments is about .60 per cent, or \$6,000 a year per \$1,000,000. In five years, the total cost of this insurance against capital losses amounts to \$30,000 on each \$1,000,000 invested. This appears to be a very high premium for the slightly greater protection furnished by short-term issues.

W. F. HEISLER, Assistant Secretary,
Delaware Trust Company, Wilmington, Del.

BANKING



Piped from nearby volcanic boiling springs, natural hot water now heats homes and greenhouses in Reykjavik, Iceland's capital. Wells sunk in lava beds are delivering 58 gallons of water per second at 170° F.

Heating Iceland

REYKJAVIK formerly used imported coal for heat. The war made this fuel almost impossible to get. But all that was needed for an unlimited supply of hot water was a pipe line. Through The National City Bank of New York the necessary financing was arranged for the purchase of equipment in the United States.

Sound business like this—all over the world—is constantly being helped by National City's World Wide banking system. It is the clearing house for first-hand information on markets and credits, agents

and sources of supply in every commercially-important area of the globe.

First U. S. national bank in the foreign field, National City's overseas' staff is many times larger than that of any other American bank. These facilities—backed by 31 years' experience in promoting world trade and more than 133 years of practical banking experience—are available to exporters and importers everywhere. To get the full story, talk to National City officers at Head Office or Branches.



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Head Office: 55 Wall Street, New York • 65 Branches in Greater New York

First in World Wide Banking

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

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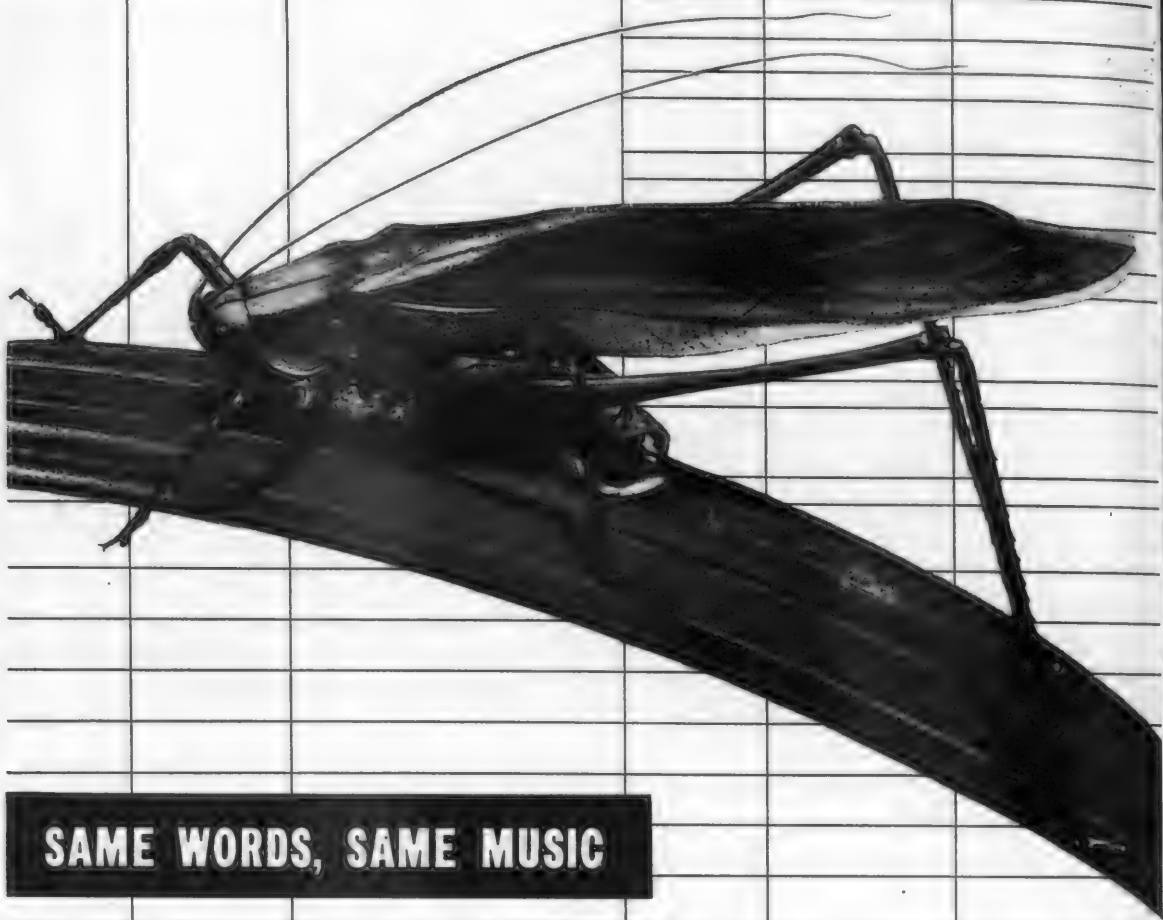
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WHAT's that again that again that again, please?

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40,000,000 times every season the katydid rasps the same rasp. Thousands of times every day in every office the same typewriter keys fall, the same columns add up, the same entries march by.

And the same mistakes happen.

In firm after firm, the pattern of error is repeated. Too many forms.

Too many words. Lost motion. Economies in printing overlooked. Paper wasted. Time spent getting forms ready exceeding time spent filling out forms.

Moore looks upon your entire system with the eye of common sense. Moore sifts, analyzes; combines forms and doubles them up; recommends changes; then prints, in quantities of hundreds or many millions.

The ten companies listed below,

long under, Moore ownership, have now united under the Moore name. There is no change in ownership, management, or policy. But facilities for serving any business, anywhere, are greater than ever.

Ask that a Moore specialist come see you. There is no charge whatever for consultation. Get in touch with the nearest Moore division, as listed below, or the local office. The outcome may be thousands of dollars saved.

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GILMAN FANFOLD CORP., NIAGARA FALLS, N. Y.
COSBY-WIRTH MANIFOLD BOOK CO., MINNEAPOLIS, MINN.
MOORE RESEARCH & SERVICE CO., INC., NIAGARA FALLS, N. Y.
SOUTHERN BUSINESS SYSTEMS, INC., ORLANDO, FLA.
MOORE BUSINESS FORMS, INC. (New Southern Div.), DALLAS, TEX.; ATLANTA, GA.
In Canada—Moore Business Forms, Ltd., succeeding Burt Business Forms, Ltd., Toronto;
Western Sales Book Co., Ltd., Winnipeg and Vancouver;
National Sales Check Book Co., Ltd., Montreal

MOORE BUSINESS FORMS, INC.

ADV. BY N. W. AYER

Meeting Industry's Credit Needs

FEDERALLY and state chartered banks of the United States stand prepared and determined to provide the credit needed by all competent individuals and concerns, both large and small, for all constructive purposes, and to do so promptly and with a minimum of red tape, according to Hugh H. McGee, chairman of the Credit Policy Commission of the American Bankers Association, who is also vice-president, Bankers Trust Company of New York.

"We have won the war," Mr. McGee said. "Our next and immediate problem is that of reestablishing our civilian economy promptly and enduringly. The sudden cancellation of war contracts may mean a substantial demand for contract termination loans to industry," Mr. McGee continued. "In September 1944 the American Bankers Association recognized this need and prepared to meet just such a condition as now exists. Following adoption of the Contract Settlement Act of 1944 by Congress, the American Bankers Association published and circulated to the banks a manual which provides them with complete information and a procedure for making contract termination loans to industry.

"The T-loan procedure is streamlined and simple. It is based upon experience gained during the war period when banks financed industry to obtain maximum production by use of V-loans.

ABOUT 1,400 banks participated in the V-loan program which largely served the prime and first-tier subcontractors. Much decentralization of industry was accomplished during the war period, and small factories making war materials were located in almost every village and hamlet of the country. These communities are desirous of keeping these small industries, and an effort will be made to use their tools and skills in peacetime. It is believed that the majority of the contractors requiring T-loans will be these subcontractors, and, consequently, more banks will be called upon to participate in this important program.

"The Baruch-Hancock study and subsequent legislation have set the pattern for a prompt and equitable contract termination procedure. While government contract agencies are doing an excellent job in the termination of war contracts, the suddenness with which the war against Japan ended may overtax their facilities. Many of these smaller subcontractors have most of their working capital invested in inventories and

partially completed products and may need immediate funds to finance production of peacetime products.

"The banks of the country," Mr. McGee asserted, "as a result of studies and work in the field, have greatly intensified the cooperative efforts of local banks with their correspondent banks and have devised new credit techniques which will not only be important in the immediate period of reconversion but will continue

to serve the nation after the emergency is past. Among these is the bank credit group. Such 'regional credit pools' are organized in practically every state with aggregate resources in excess of \$600 million and are prepared to back up local and correspondent banking activities in the field of credit.

"This has been an effort of banking to prepare itself to implement the program of American business in its prompt return to a sound economy of peace."

Complete Service to Correspondents

Diversity of services is one reason why more than 300 banks—choose this bank as their correspondent. They gain in efficiency by concentrating their business in our area in one well-qualified bank.

NATIONAL CITY SERVICES

- *Collection of par and non-par checks
- *Night transit service
- *Collection of notes, drafts, coupons, matured bonds and other items
- *Transfer of funds, remittances and domestic money orders
- *Alert credit information
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- *Participation with correspondent banks in loans to local enterprises
- *Purchase of United States Government, State and Municipal Securities
- *Receipt and delivery of securities
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- *Setting up all types of loans
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- *Paying or exchange agent, transfer agent or registrar, escrow agent depository and trustee under bond indentures
- *Pension Trusts, Complete Personal Trust Services
- *International trade and foreign banking facilities

THE NATIONAL CITY BANK — OF CLEVELAND —



1845—ONE HUNDREDTH YEAR—1945

Member Federal Deposit Insurance Corporation

North of the Border

CANADA'S production of war materials has now been cut drastically. But for reasons explained last month—mainly concentration upon certain types of armament for British and American account in plants not easily convertible to peacetime pursuits—production of civilian goods has not yet turned upward to any appreciable extent. Practically all American war contracts awarded Canada have been cancelled, but some sizable British orders are to be completed. No marked increase in civilian goods, which in certain lines (wearing apparel, noticeably) are in shorter supply than in the United States, can be expected for some time.

It might be emphasized that Canadian deferred civilian demands as a whole are proportionately greater than American, because Canada was at war from the outbreak of hostilities in Europe. Six years of war, too, have made for more rigidities in Canada. Thus, price control introduced earlier than in the United States is less flexible in Canada. For example, a large industrial company in Ontario has to operate there on its 1941 price level, but has been allowed by the OPA a 5 per cent rise on products it makes in the States.

IN addition to the greater technical difficulties in reconversion that now beset Canada are those associated with her dependence upon outside sources of various raw materials which are still hard to obtain. Moreover, Canada has run into labor trouble not unlike that in the United States. Aircraft, gun and explosives production has practically been terminated, resulting in layoffs of a fairly large proportion of the working population in, or near, major industrial centers. Most of these unemployed people are members of strong unions, vociferous in their claims to new jobs at war-inflated wage rates and therefore resisting efforts to direct them to lower-paid, but now more essential, civilian work. Their ranks will soon be swelled by more layoffs in ordnance, automobile and shipbuilding plants, though many of the motor plant workers will be re-employed.

In one direction, industrial plant reconditioning and expansion as well as in reoccupation of vacant war plant space by civilian manufacturers, Canada seems ahead of the United States in reconversion. The concentration on certain types of armament freed numerous industries from all, or part, of their

war work even before V-E Day. Many have taken advantage of this situation to put their establishments in improved operating condition. Others were able to get official sanction to build new plants if such projects could be shown to have prospects of broadening the avenues of post-war employment. Fully half of this reconditioning and expansion has been undertaken by Canadian branches of American corporations. General Electric, Westinghouse and Anaconda are prominent in these developments. These, and new wartime plants suitable for reconversion, will provide the Canadian public with a greater variety of domestic goods than ever before.

BEFORE the war Canadian demand for machine tools was met 100 per cent by imports, but Canada was forced to develop its own machine-tool industry in order to keep war production going. Other products were produced either for the first time or in greatly increased quantities. Thirty companies were engaged in molding plastics. A plant that had been set up to produce synthetic rubber is expected to be able to supply all Canada's rubber requirements after the war, with 5,000 or 6,000 tons for export. A fiber-glass plant underwent considerable expansion. Fine types of lenses in large quantities for vital equipment on land and sea were turned out for the first time in history. Since Canadian textile firms had excess capacity before the war, they did not need

much new plant and equipment in order to supply huge war demands. They have developed new methods and new materials, however, and will now be able to operate with much greater efficiency.

Up until 1939 the Canadian radio industry did very little actual manufacturing—it merely assembled parts imported from the United States and distributed the completed sets throughout the Dominion. When American firms proved unable to meet the swollen demands for radio components and when military needs of communication and radar equipment became pressing, Canada developed its own facilities for supplying the demand.

Before all these new products, and those from Canada's large pre-war industrial system, can fully be turned to public advantage and all the pent-up and growing civilian demands be satisfied there will have to be a "reconversion" of labor's attitude toward work and wages. The public, not the Government, is to be the biggest employer of labor from now on. Sooner or later the public will protest against continuing shortages of goods it has long awaited.

THE "Reconversion Parliament" opened early in September with a peacetime agenda of far-reaching character. Reconstruction is the theme, and it runs through the whole lengthy score of proposed legislative action. Demobilization and rehabilitation of servicemen and housing and national health provisions, large foreign trade credits and ratification of the revised Bretton Woods and world security agreements are on the agenda. The cost of these and other measures will be about \$4 billion, 25 per cent less than in the last year of war but nearly eight times more than in 1939.

Part of the next year's financial requirements will be met by the 9th Victory Loan, the campaign for which is to open October 22. The objective has been announced as \$1½ billion, the highest yet. But the Government is actually aiming at \$2 billion so as to preserve its good financial war record of borrowing not more than half its costs and covering the other half by taxation. As in all other Victory Loan campaigns, no direct bank subscriptions will be sought. But the commercial banks will take an active part in the loan. All subscriptions will be cleared through these institutions across the country for which service they will receive a small rate of commission.

"Counterfeit, eh? Tell you what—you can have it for half price!"



CANADA'S PERFORMANCE and CANADA'S PROMISE

Our great and valiant neighbor to the North is 35th in population among the nations of the world.

But the spirit and devotion of her people and the marshalling of her resources "enabled her to give service in many fields in second, third, or fourth place from the top."

In national income, foreign trade, and holdings of gold and foreign exchange, Canada was placed seventh by the measure applied dispassionately at Bretton Woods.

Canada's promise of the future with her great tangible and intangible resources, is even greater than her performance of the past.

If you are doing business or are contemplating business in Canada, we cordially invite you to take advantage of our long-established connections.

Wherever there are banking facilities, from Halifax to Vancouver, we have the contacts and the relationships founded in peace, strengthened in war, fully prepared for the future.



NATIONAL BANK OF DETROIT

DETROIT, MICHIGAN

Local • National • World-Wide

The Network Idea in Consumer Credit

(CONTINUED FROM PAGE 49)

about 3 per cent less than under the orthodox nationwide arrangements mostly used before the war.

The Morris Plan group will have to do an annual volume of at least \$250,000,000 before it meets expenses and according to present blueprints it will be limited strictly to automobile financing with relatively large unpaid balances individually, rather than to get into instalment financing of a multitude of smaller items.

The aim of the Morris Plan is to limit bank participation in each locality to one or two institutions, yet "to finance the masses so that they can buy out of income" which has been its underlying philosophy for the past 35 years.

A third auto finance plan which, however, does not reach down to the consumer level is that announced by Nash-Kelvinator Corporation. It is a concentrated application of a program which in the past has worked with individual financing institutions. Applying to banks as well as to finance companies, the plan has particular merits in presenting a uniform working arrangement having universal application. In fact, other automobile manufacturers have operated under similar arrangements with fine results in the past.

The Nash Plan calls for bank credit arrangements for automobile sales agencies in cities where such dealers hold franchises for one hundred or more cars a year. The dealer's bank gives to Nash Motors a continuing commitment which is called a "wholesale drafting paper" in which it agrees to pay upon presentation sight drafts for Nash automobiles as shipped to dealers.

PROCEEDS are remitted to the Nash treasury or lodged with the nearest depository, according to instructions. This gives the factory the assurance that cars will be paid for as they are shipped. The bank, too, is protected by a clause in the agreement which provides for cancellation at any time.

Nash will send an advance notice of wholesale shipment to the bank when the dealer's order is received. This notice will go forward about two weeks in advance and will give the bank time to make its investigations and whatever is necessary to protect its interest, including the opportunity to refuse the draft, or to cancel the entire agreement.

The backlog of potential automobile buyers on which finance companies and banks will be able to draw, has been estimated at 15,000,000 and thousands more will be added as the existing supply of used automobiles deteriorates and passes into Hades entirely.

All of some 30,000,000 motor vehicles licensed, in fact, will probably have to be replaced within the next half decade and this figure represents the total civilian market for manufacturers, dealers, and financing institutions.

The financing of household appliances selling for \$25 or more is being tackled by another national banking group operating under what is known as the National Sales Finance Plan. It embraces both the retail and

wholesale levels. Bankingwise, this syndicate comprises three categories of institutions, signatory, key and local banks.

The 12 signatory institutions are National Shawmut Bank of Boston, the Pennsylvania Company for Insurance on Lives and Granting Annuities, Philadelphia, Bank of the Manhattan Company, New York, Peoples Pittsburgh Trust Company, Pittsburgh, and Citizens and Southern National Bank, Atlanta.

Also, Fifth Third Union Trust Company, Cincinnati, Mercantile-Commerce Bank & Trust Company, St. Louis, Union Planters National Bank and Trust Company, Memphis, State Planters Bank & Trust Company, Richmond, Republic National Bank of Dallas, Dallas, Detroit Bank, and Central National Bank of Cleveland.

The signatory banks have organized in their districts—National Shawmut covers New England and Bank of Manhattan New York and New Jersey, for example—banks in key cities, such as Buffalo, Springfield, Rochester and Hartford. The key city banks in turn have organized their country bank correspondents.

Financial institutions in manufacturing areas have made arrangements with manufacturers whereby lists of dealers and local agents have been made available who will be serviced by the entire network as a whole and by the nearest bank, individually. Thus the retail buyer who buys a radio in a small cross-town store will have an opportunity, through his dealer, to get bank financing and will get the necessary application blanks and papers from the shop proprietor or salesman.

It is estimated that about 1,000 banks are in this household goods group and that stores in about 3,000 centers are being serviced. There is nothing exclusive about the National Sales Finance Plan. The manufacturer who wishes to distribute his wares through department stores in addition and to make further financing arrangements through finance companies is at liberty to do so. There is still some uncertainty about rates, since the competing financing agencies do not want to show their hands fully before they know what the boys on the other side of the fence are going to do.

As a result of the competition many new wrinkles are being introduced almost every day in the consumer financing picture. One of them is life insurance. The sales contracts for automobiles in some instances will comprise life coverage for the buyer. While this is of some benefit to the purchaser, an equal advantage is accruing to the financing organization since they will get paid as well for the unpaid balance when the buyer should make a premature departure from this planet. There will be other "inducements" as time goes on in the bid for consumer favor—and this is as it probably should be in a competitive market and a competitive economy.

Farm implement financing, including that of the consumer level, received considerable impetus at a meeting held in Chicago on September 10 and 11 which studied all pertinent angles in detail and laid the ground work

for creating financing machinery to be available if, when and as farm implements will make their appearance again in large volume. A study is being made by the American Bankers Association in cooperation with manufacturers who have expressed interest, including J. I. Case, International Harvester, Oliver Farm Equipment and others. An operating manual for banks is now in preparation which will outline the procedures desirable to adopt in this branch of consumer financing.

Finally, to round out the consumer credit picture as it presents itself at present in broad outline, aircraft financing has to be mentioned. Arrangements have been made between Aero Insurance Underwriters and a nationwide syndicate of banks to provide a service covering the retail sales of planes, parallel in scope to that pertaining to automobiles.

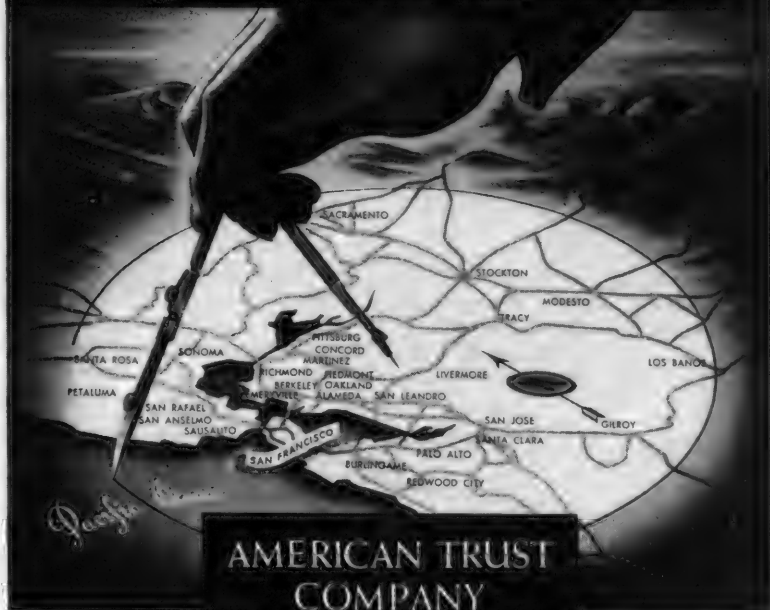
The Aero group represents 30 fire and casualty insurance companies which leave all details of aircraft underwriting to the pool organization. The Aero company is the oldest of its kind in the United States and its activities go back to the early Twenties.

In close cooperation with the Civil Aeronautics Administration and the American Bankers Association, Aero Underwriters goes far beyond insurance by providing appraisal and advice services as well. Both Aero and the A.B.A. have issued manuals and sample contracts to interested organizations to guide them in the financing of private plane sales.

Volume production of new civilian aircraft is expected early in 1946 and until that time and for some period beyond, surplus aircraft from the war is regarded as one of the biggest headaches, banking and insurancewise. In the first place, the market value of former military and naval surplus ships is a matter for experts to decide and many may have weaknesses from the battlefronts which affect their airworthiness. Naturally, these factors have a close relationship to insurance and financing.

However, this problem will be transitory and in the new air-age around the corner there will be a good many more planes sold than before the war. The experience on which present insurance and bank manuals are based and from which they have been developed was made primarily in the West in the years before Pearl Harbor.

Serving this Northern California Area



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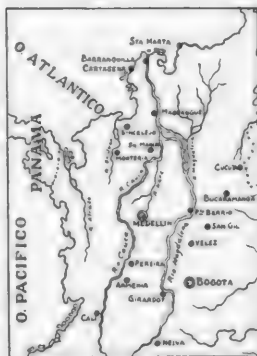
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Heard Along Main Street

Banker Gets DSM

HOWARD BRUCE, chairman of the board, Baltimore National Bank, received from President Truman the Army's Distinguished Service Medal on September 5 at a ceremony in the White House gardens. This is the Army's highest decoration for those who do not actually fight, and is usually reserved for high-ranking military officers. Only three other civilians have received the medal for services in World War II, Harry L. Hopkins, Stephen Early, and James F. Byrnes.



Mr. Bruce, left, with President Truman at the White House

Mr. BRUCE went to Washington in July 1942, as chief of the conservation branch, Army Service Forces. He declined to accept a commission although all of his coequals in the War Department wore general's stars.

With the award of the blue and gold medal, on a red, white and blue ribbon, President Truman gave the following citation:

"HOWARD BRUCE is hereby awarded the Distinguished Service Medal for exceptionally meritorious and distinguished service to the War Department in the performance of duties of great responsibility in the assistance he has given in the development and management of the greatest military procurement program in the history of the world; for his brilliant performance in a series of difficult and highly responsible positions on the staff of the commanding general, Army Service Forces; and particularly for the exceptional initiative and resourcefulness he displayed as director of materiel, Army Service Forces, during one of the most critical periods of the war.

"The leading role Mr. BRUCE occupied in conceiving and developing the supply control system has immeasurably improved Army procurement methods. His early endeavors in developing an orderly and effective program for the conservation of critical and short materials aided subsequently in alleviating a difficult supply situation. His efforts in removing obstacles to production which at one time endangered many segments of the Army procurement program resulted in immediate and lasting improvement.

"With unusual persevering devotion to duty he has contributed his energy and ability to the prosecution of the war. His accomplishments reflect great credit both upon himself and the military service."

Jean Arnot Reid Winner

At the annual meeting of the Association of Bank Women in New York, Miss BERYL H. EVANS of the First National Bank of Scranton, Pennsylvania, was named this year's winner of the Jean Arnot Reid Award. The award, which consists of \$100 and an engrossed scroll, is made annually to a woman graduate of the American Institute of Banking not a member of the Association of Bank Women, who is considered best qualified through integrity of character and efficiency in her work to represent women in banking.

On her graduation from Powel Business College of Scranton in 1932 Miss EVANS entered banking with the Peckville National Bank in her home town where she had experience in all of the major departments. She has been with The First National Bank of Scranton for the past five years in the loan and

Miss Evans



mortgage departments. She is secretary of the Scranton Chapter of the A.T.B. and has twice served as chief consul for her bank.

Miss Helen Knox, manager of the women's department of the Grand Central office of the Chase National Bank of New York and national president of the Association of Bank Women, announced the award. Mrs. Mayme E. Bonham, assistant cashier of Citizens National Trust and Savings Bank of Riverside, California, was chairman of the committee making the selection from 10 candidates.

Banker Thanked for War Work

GARDNER TURRILL, until recently general chairman of the U. S. Alien Enemy Special Hearing Board, has been thanked for his work in a letter of appreciation from A. de Girolamo, special assistant to the Attorney General of the United States.



Mr. Turrill

Mr. TURRILL, assistant vice-president of California Bank, Los Angeles, and past president of Los Angeles Chapter, American Institute of Banking, served on the original board of the southern district of California from the time of Pearl Harbor until August 1943. Then he was appointed on the new national board to conduct rehearings throughout the United States on a uniform basis. On November 5, 1943, he was appointed general chairman and served in that capacity until the program of rehearings was completed.

The letter to Mr. TURRILL states: "I know you will take pride in the fact that of all the internees who have been released or paroled on the board's

(CONTINUED ON PAGE 122)

SERVICE

Pin-Ups-

FOR AMERICAN BUSINESSMEN



EACH PIN on this map represents an American Express Office now in operation and ready to help American Business with problems of overseas commerce. With the lifting of war restrictions, new pins will be added as other American Express Offices re-open. These offices are equipped to assist your clients in the export and import field with such immediate, specialized services as:

FINANCIAL SERVICES—Foreign Exchange, Foreign Remittances, Collections. Travelers' Letters of Credit.

TRAVELERS CHEQUES—The only readily-acceptable, universally-recognized international travel funds now available.

BUSINESS TRAVEL—Air and Steamship Tickets, Itineraries, Routes, Costs, Hotel Accommodations.

OVERSEAS TRAFFIC—Export and Import Shipping. Custom Clearances. Placement of Marine Insurance. Documenting from point of origin to destination.

American Express World Service begins at any home office and radiates in an unbroken chain around the globe. Your inquiries are invited.

American Express

SERVICE AROUND THE WORLD

65 Broadway, New York 6, N. Y.

Antwerp, Athens, Basle, Bombay, Buenos Aires, Cairo, Calcutta, Florence, Geneva, Glasgow, Liverpool, London, Lucerne, Manila, Marseilles, Naples, Nice, Paris, Rio de Janeiro, Rome, Zurich.

MAIN STREET—Continued

recommendation not one has proved unworthy of the trust placed in him. As general chairman of the Special Hearing Board, you must feel proud for having so well guarded the internal security of the United States without unnecessarily sacrificing the liberty of anyone."

During Mr. TURRILL's period of service on both the local and national boards, he participated in the hearings of 1,232 cases involving Japanese, Germans, Italians and citizens of the minor Axis countries, Hungary and Bulgaria.

A Trustman in Berlin

A trustman is property control officer of the United States Military Government Berlin District.

He's Captain ARTHUR D. REED, trust officer of the Nashville Trust Company before entering the Army. Now he supervises the management of 30 Berlin industries and numerous rental properties, prescribing policies and directing operations.

Captain REED took a six-weeks course in military government at Fort Custer, Michigan, after being commissioned direct from civilian life in December



Captain Arthur D. Reed, standing

1943. Embarking for the European Theatre of Operations, he was assigned to AMG schools in Shrivenham and Manchester, England. In June 1944 he was assigned to the U. S. German Country Unit, which later became the U. S. Group Control Council, and last November was transferred to the military government detachment that now governs Berlin District.

Captain REED is a graduate of Vanderbilt University and Yale Law School. His wife and son are living in Nashville.

Citations to Bankers

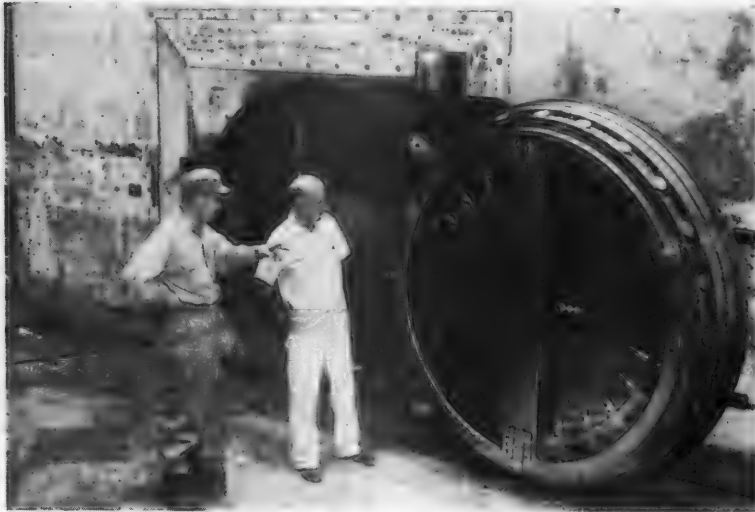
Technician Third Class ROBERT R. BLISS, formerly a teller at The Detroit Bank, Detroit, Michigan, was awarded the Bronze Star Medal for heroic achievement during the European war. The citation accompanying the award reads in part:

"When the infantry companies attacked the enemy in the wooded hills north of Altzing, France, Technician BLISS, a medical aid man, voluntarily drove a jeep, under heavy enemy artillery and mortar fire, to evacuate numerous casualties, including 15 jeep loads of seriously wounded men. Accomplishing his superb service, Technician BLISS drove over roads not yet swept of mines; scouted and pioneered (CONTINUED ON PAGE 124)

Lt. Col. James H. Penick, president-on leave, W. B. Worthen Company, Bankers, Little Rock, Arkansas, receives congratulations from Rear Admiral Ellery W. Stone after receiving the Legion of Merit for exceptionally meritorious conduct in performance of outstanding service in Italy



U. S. SIGNAL CORPS
BANKING



YORK VAULT REMAINS INTACT

Bank of Philippines Building Demolished

When Yank troops re-entered Manila they found that the bombs, artillery shells and fire which had razed the building housing the Bank of the Philippine Islands, had no effect on the YORK VAULT which stood firm and unopened during more than two years of Japanese occupation and many bombardments. Pictured above are a U. S. Army officer (left), and an official of the Bank, who found the contents of the YORK VAULT intact after it had been opened by Army Engineers. Under most severe conditions, records and valuables necessary to the re-establishment of the Bank were fully protected by this YORK VAULT installed in 1923.

York craftsmanship made possible the story above—the same craftsmanship that was for over five years devoted almost 100% to the manufacture of guns, gun mounts, tank parts, fuses, shells and many other ordnance items for the U. S. Army and Navy.



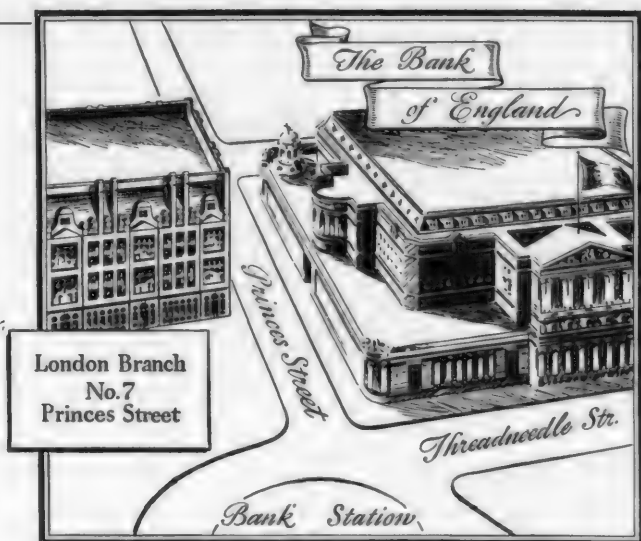
To Friends, new and old, York is proud to relate the impregnable of the York Vault in Manila—happy to announce the return to York quality bank vault equipment production, including bank vault doors, linings, safe deposit boxes, lockers, night depositories and related equipment

Designers and Manufacturers of the World's Largest Vaults

YORK SAFE and LOCK COMPANY

YORK, PENNSYLVANIA

BRANCHES: Baltimore Boston Cleveland Detroit Houston Los Angeles Miami Montreal New Haven Philadelphia Pittsburgh St. Louis San Francisco Washington New York Chicago



Our London branch at 7 Princes Street, opposite the Bank of England, has been in continuous operation throughout the war. This office offers complete banking service to corporations, banks and individuals having business interests in Great Britain.



CENTRAL HANOVER BANK AND TRUST COMPANY NEW YORK

Member Federal Deposit Insurance Corporation

MAIN STREET—Continued

new roads over obstacles in rough terrain, cutting trees and filling trenches; and was on the job when casualties were heaviest. His proficiency and ingenuity saved the life and limb of many soldiers."

Of Technician BLISS, *The Teller* has this to say:

"Bob's demeanor as an employee at our Warren-Junction Branch was exemplary, for he was not the sort given to slapping the manager on the back or chasing the girls about the office. He was a quiet, almost shy person who did



T 3/c Bliss



Lt. Hegy

his work thoroughly and well. While friendly and always willing to help others, he was at times quite bashful. Never one to extoll his own merits, few of his fellow workers knew that he was an expert basketball and softball player

and bowler. BOB was essentially a humble person, extremely polite, and thoroughly sincere about everything he undertook."

Bronze Stars and Air Medals awarded recently to The Chase National Bank of New York employees are reported in *The Chase*, as follows:

Lieutenant EUGENE A. HEGY, Jr., was awarded the Bronze Star for bravery under fire in the fighting in Italy, accompanied by a citation stating that as a forward observer the lieutenant "provided the infantry battalion to which he was attached with extremely effective artillery support. Although all movement drew intense enemy fire, Lieutenant HEGY constantly kept abreast of the most forward rifle elements, directing artillery fire which neutralized hostile machine gun positions and thereby enabled the rifle troops to maintain an aggressive advance."

Lieutenant Colonel JAMES F. FOOTHORAP, who has been engaged in counter-intelligence work with the Sixth Army in Germany, was presented with the Bronze Star for materially assisting "in planning operations to effect the recovery of a lost signal truck containing highly classified documents, compromise of which would have been seriously detrimental to U. S. military operations."



Col. Footorap



Capt. Drehle

Captain ALVIN H. DREHLE was awarded the Bronze Star for his part in the landing on Iwo Jima "for heroic achievement in connection with operations against the enemy while serving with an ordnance section of a Marine amphibious corps landing force."

Second Lieutenant CHARLES F. SAUER won the Bronze Star and was commissioned a second lieutenant in the field "for meritorious service in support of active combat operations . . . in France, Belgium and Germany."

Captain WILLIAM M. LOTHIAN, a battery commander in the 94th Armored Field Artillery Division, has been cited (CONTINUED ON PAGE 126)

LOOK AT HOUSTON!



AMERICA'S NEW

Chemical Center

● Approximately 80 per cent of all chemical plants erected in the United States since Pearl Harbor are located in the Houston area. These, with the important chemical industries already here and those planned for the near future, will make Houston the dominant chemical industrial center of America.

Among the many important chemical industries in the Houston area is Dow Chemical Company with a \$150,000,000 establishment producing magnesium, styrene, thiokol, chlorine, caustic soda, bromine, ethylene dibromide, ammonia and nitric acid. Monsanto Chemical Company, already operating a huge styrene plant, is planning a tremendous plastics plant. Newcomers include E. I. du Pont de Nemours Company, which is to erect a \$50,000,000 plant.

Ninety per cent of the nation's sulphur is produced near Houston. Texas produces 40 per cent of the country's petroleum, and Houston is its major concen-

tration point. Unlimited supplies of natural gas and of salt from salt domes are found in this section. This abundance of raw materials plus low cost natural gas and electric service, ample water supply, deepwater port, 18 rail outlets and many hardsurfaced highways make Houston a natural center for chemical manufacturing and distribution. Yet the chemical industry is only one of many important industries which assure the continued rapid growth of Houston, already the South's largest city.

★ ★ ★

The Second National Bank of Houston is proud to have a part in the industrial progress and growth of this great city. Banks and finance officers are invited to correspond with this bank for detailed information regarding any of the major lines of business in the Houston area. We also invite inquiries of banks which may be seeking a Houston correspondent.



MEMBER OF THE FEDERAL
DEPOSIT INSURANCE CORP.

LOCATED IN THE
CENTER OF HOUSTON



LUXURY ALOFT IN THE *Martin Mars* FLYING HOTEL

1 Off to Europe, via Martin Mars! With Victory won, you're taking that dream trip . . . a 2-week holiday abroad!



2 So step aboard the Mars and look about. Two full decks. Spacious, air-conditioned rooms. Courteous service. A flying hotel!



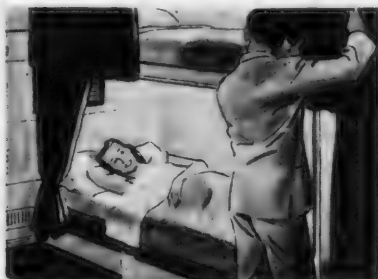
3 Note the size and smartness of the Mars' lounge! No cramped seats, or narrow aisles. Plenty of room for walking about!



4 A full-course dinner, from the Mars' galley, served by smiling stewards. Soft lights . . . gay laughter . . . music!



5 After dinner you'll explore the big ship. Here, for example, is the ultra-modern Skytop Room, a favorite rendezvous.



6 Your snug cabin is waiting when you're ready. Nothing to disturb you as the Mars speeds to Europe and vacation.



7 Morning . . . and you're there! Only a few hours have passed. Ahead lie days of sight-seeing, thanks to the Martin Mars!

Fantasy? Long-range prediction? Not at all! The plane shown here is flying today! It's a Martin Mars transport! True, today's Mars contains no luxurious furnishings. Every inch of space is needed for war supplies. But commercial versions of these huge Navy transports will offer every comfort to tomorrow's trans-ocean travelers. So when you plan that trip abroad . . . plan to fly via Martin Mars! It's de luxe transportation!

THE GLENN L. MARTIN COMPANY, BALTIMORE 3, MD.
THE GLENN L. MARTIN-NEBRASKA CO., OMAHA

Martin
AIRCRAFT
Builders of Dependable Aircraft Since 1909

MAIN STREET—Continued

a second time for "heroic action" and awarded an Oak Leaf Cluster to his Bronze Star. He received his first Bronze Star for heroism near Lorient, France. The citation accompanying his second award reads in part: "When a German soldier was captured near Berenhof, Germany, . . . and revealed the location of German troops in the town, Captain LOTHIAN and two other officers advanced on foot toward the encircled positions. Upon arriving at the position, Captain LOTHIAN demanded the Germans surrender. Due to the audacity of his companions and himself, 10 fully

armed Germans came out of hiding and surrendered."

Lieutenant ROLAND H. MAKOWSKI, who has served with the Marines in the South Pacific islands, has been awarded the Bronze Star for "outstanding service during the Saipan-Tinian fighting in the Marianas Islands" and as a leader of a rifle platoon won a presidential unit citation for "exceptional achievements."

Captain PETER HEESCH, who was promoted to captain in the field, was awarded the Bronze Star "for meritorious service in connection with military operations against the enemy . . .



Lt. Makowski



Capt. Heesch

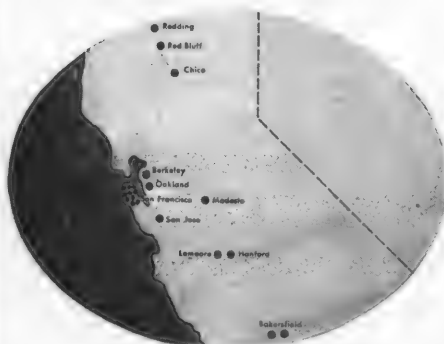
in Belgium and Germany. Serving as commander of an IPW team, he worked diligently and tirelessly to secure vital information from prisoners. By his co-operation and superior performance of duty he supplied the regiment with invaluable information . . ."



What city?

Crossroads of the West. Gateway to the Pacific. Teeming with ships, trade, industry.

(San Francisco, home of Anglo Bank)



Where?

Hearland of country rich by nature, ripe with opportunity. Magnet for constantly arriving people, business, investment.

(Central California, with 21 strategically-placed Anglo Bank offices)



Which bank

for your West Coast business? Anglo Bank is central. Anglo Bank has the facilities, the experience (72 years), and the coastwide and foreign connections to serve you well.

Head Office: 1 Sansome Street, San Francisco, 20, California

Member Federal Reserve System
Member Federal Deposit Insurance Corporation

Have You Heard?

LEWIS E. PIERSON, former chairman of the Irving Trust Company, New York, and a former president of the A.B.A., has been elected chairman of the executive committee of the Missouri-Kansas-Texas Railroad. He succeeded the late MATTHEW S. SLOAN.

EUGENE J. MUDD, executive vice-president of the Mercantile-Commerce Bank and Trust Company, St. Louis, has been elected to membership in the Association of Master Knights of the Sovereign Military Order of Malta in the United States of America. Mr. MUDD has long been active in Catholic Layman affairs of the St. Louis district. Eighteen months ago Pope Pius XII conferred upon him the Papal Degree of Knight of St. Gregory.

HENRY W. SEAY, formerly a national bank examiner for the Sixth Federal Reserve District, is now cashier of the Britton & Koontz National Bank, Natchez, Mississippi.

DEWITT A. FORWARD has been appointed a senior vice-president of The National City Bank of New York, and LEO N. SHAW, vice-president, has been given the additional title of deputy manager, overseas division. Mr. FORWARD was recently vice-president in charge of western business of the bank.

Mr. Forward

Mr. Shaw



BANKING

The Union Bank of Commerce, Cleveland, has three new officers: LEWIS C. VAN AUKEN, assistant vice-president, and EDWARD W. McNELLY and W. T. McWADE, assistant cashiers.

JORDAN C. OWNBY, vice-president of the First National Bank in Dallas and of Southern Methodist University, has been elected president of the Cotton Bowl Athletic Association.

RICHARD N. COTTER, assistant secretary of the Manufacturers Trust Company, New York, has completed 65 years of continuous service with that bank.

THOMAS MEEKS, vice-president of the Central Hanover Bank & Trust Company, New York, has received from the Cuban Red Cross the title of Commander and the Orden de Honore de Merit of the Cruz Roja Cubana.

JOHN C. JESTER of Dallas has been named assistant to the president of the Colonial Trust Company, New York, and will be in charge of the bank's business with Texas banks.

J. PASCHAL DREIBELBIS has been elected a vice-president of the Bankers Trust Company of New York.

Mr. DREIBELBIS was, until last March, general attorney of the Federal Reserve Board, where he has served since 1941. He acted as assistant general counsel to the Board from 1936 to 1941.

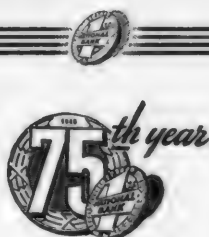
Mr. DREIBELBIS is a native of Fort Worth, Texas.

D. K. SNYDER, formerly with the Inter-State National Bank and the Drovers National Bank, has been made a vice-president of the Stockyards National Bank, Kansas City, Missouri.

These young women are attached to the 9th station hospital located on Okinawa. L. to r., Mary Badger, American Red Cross aid; Jane Smith, A.R.C. aid, Captain Katherine Whitaker, Army nurse, Katherine Killian, A.R.C. aid, and Lieutenant Mary Smith, Army nurse. Miss Jane Smith is the daughter of Tom K. Smith, president, the Boatmen's National Bank of St. Louis



Class of 1947, School of Banking, University of Wisconsin, Madison



IN ONLY 75 YEARS

No more graphic illustration of the rapid development of the Pacific Northwest can be found than the growth of the Seattle-First National Bank.

It was founded in 1870, twelve years before Seattle had any other bank. At that time the "sawmill village" had a population of only 1,107 and there were but 23,955 persons in the entire Territory of Washington.

Today, Seattle has over 450,000 residents and the population of Washington State is over 2,000,000. This bank entered its 75th anniversary year as 25th in the United States and the largest bank north of San Francisco and west of Milwaukee with resources of over \$600,000,000.

38 banking offices conveniently
located in the State of Washington

Member Federal Reserve
System



Member Federal Deposit
Insurance Corp.

SEATTLE-FIRST NATIONAL BANK

Main Office — Seattle
Spokane and Eastern Division — Spokane



ALERT REPRESENTATION

Your needs for bank representation in the Great Lakes Industrial Region may pertain to the entire area or only segments of it, such as the State of Ohio or the City of Cleveland. Whatever those requirements may be, broad experience and complete facilities enable Central National Bank of Cleveland to provide the service you require in this region.

CENTRAL NATIONAL BANK of Cleveland

CLEVELAND 1, OHIO • 12 CONVENIENT OFFICES • MEMBER FDIC

MEMORANDUM

AARON G. ALEXANDER
ARCHITECT
20 EXCHANGE PLACE
NEW YORK 5, N. Y.

*Will Consult
With You and
Your Architect
On Your Post-War
CONSTRUCTION PLANS*

R. CLYDE WILLIAMS, formerly executive vice-president, has been made president of the First National Bank of Atlanta. He succeeds JAMES D. ROBINSON who resigned because of ill health.

HENRY BUTLER, formerly associated with Albion, Indiana, Production Credit Association, has joined the staff of the First National Bank of Warsaw, Indiana, where he is in charge of agricultural loans in a new department created by the bank to meet the requirements of farmers.

CHARLES W. TALLMAN, formerly assistant secretary and assistant treasurer of the Tenaflly (N. J.) Trust Company, has been elected secretary and treasurer of that institution, succeeding HENRY R. MURRAY, deceased.

H. L. SANDERS has been advanced from vice-president to executive vice-president of The Denver National Bank, Denver, Colorado. Other promotions include: G. F. FOLEY, from assistant vice-president to vice-president; BRUCE BIGELOW was named assistant vice-president and cashier; and former cashier, HENRY A. KUGELER, was named vice-president.

E. PAUL DUPONT, chairman of the board, Indian Motorcycle Company of Springfield, Massachusetts, has been elected a member of the board of directors of the Delaware Trust Company, Wilmington. Mr. DUPONT is the fourth DUPONT brother to serve as a director of this bank.

The First National Bank of Minneapolis has elected HENRY E. ATWOOD of Minneapolis to the presidency. He succeeded the late LYMAN E. WAKEFIELD, who had been made board chairman.

WALLACE W. TRUE, manager of business loans in the city mortgage department of the Equitable Life Assurance Society of the United States, has been elected a trustee of the Lincoln Savings Bank of Brooklyn. Mr. TRUE is an engineer and appraiser with countrywide experience in appraisals and as a lending officer.

(CONTINUED ON PAGE 130)

Mr. Atwood



Mr. True



Serving the Leaders



Balancing industry's check book—without war contracts—is the sweeping readjustment miracle expected of our financial institutions. With the prospect of five to eight million unemployed during the reconversion period, all America is looking to the banking industry for speedy assistance in solving changeover problems.

In providing blanket bonds and other types of insurance protection to the leaders of this great prosperity building industry, we are "Serving the Leaders".

UNITED STATES GUARANTEE COMPANY

NEW YORK CITY

FIDELITY

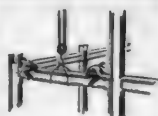
SURETY

CASUALTY

Aviation Insurance through Associated Aviation Underwriters



FIDELITY



SURETY



FORGERY



AUTOMOBILE LIABILITY



ELEVATOR AND
GENERAL LIABILITY



HOLD-UP



AVIATION



PLATE GLASS



RESIDENCE AND
MERCANTILE BURGLARY



BLANKET BONDS FOR
FINANCIAL INSTITUTIONS

MAIN STREET—Continued

The Bank of Montreal announces the appointment of MUNRO BROWN as manager of its public relations department.

CHRISTOPHER F. MEYER has been appointed assistant secretary and assistant treasurer of the Colonial Trust Company of New York. Before joining the bank in 1942 as manager of the tax department, Mr. MEYER for many years was chief accountant in an advertising firm.

HOWARD W. FENTON, chairman of the board of the Harris Trust and Savings Bank, Chicago, was the guest of honor at a dinner celebrating the 50th anniversary of his employment by the bank on July 16.

PETER VAN BRUNT has returned to Central Hanover Bank and Trust Company, New York, as vice-president in charge of the western division. During the past three years Commander VAN BRUNT has been attached to the executive office of the Secretary of the Navy as assistant chief of the negotiation division. HUBERT B. CHAPPELL, vice-



Mr. Van Brunt



Mr. Chappell

president of the bank, has gone to London to resume his former position as head of the London branch.

F. B. PARRIOTT has been elected to the board of The First National Bank and Trust Company of Tulsa, Oklahoma. He replaces A. I. LEVORSEN who has accepted a position as executive head of the geology department of Leland Stanford University in California. Mr. PARRIOTT is a prominent oil producer.

Four new members were recently admitted to the 50-Year Club sponsored by the Wisconsin Bankers Associations for recognition of Wisconsin bankers who have completed a half century of service to their communities. The four members who joined the 60 bankers so honored since 1941 are EUGENE C.

AMANN, president, Farmers and Merchants State Bank, Wisconsin Dells; HERBERT FEERICK, president, West Side Bank, Milwaukee; W. S. KISPERT (recently retired) assistant cashier, Farmers and Merchants Bank, Jefferson; and ARTHUR V. PIER, president, Richland County Bank, Richland Center.

FREEMAN KOO, son of Dr. Wellington Koo, China's Ambassador to the Court of St. James, has been appointed head of the new Far East Department of the Colonial Trust Company, New York.

The First National Bank of Hattiesburg, Mississippi, celebrated its 50th anniversary on September 2, sharing the festivities with its president, FRANK W. FOOTE, who has been with the institution since it opened in 1895. Mr. FOOTE, a former member of the Executive Council of the American Bankers Association, began his banking career as a runner in Macon, Mississippi, at the age of 13. He was a member of the first board of directors of the Federal Reserve Bank of Atlanta, and of the board of the New Orleans branch. He has served the First National as assistant cashier, cashier, vice-president and president.

Financing Business IS *Banking Business*

Neither Government nor Business wants to encourage borrowers to depend on Government credit which, during the war years, has been made increasingly available.

The Chartered Banking System of this country is in position to take care of the banking needs of every competent individual, firm or corporation.

We want to assure all of our correspondent banks that our complete banking and lending facilities are at their service. We cordially invite them to bring to us their excess loans, term loans and unusual loans to see if they cannot be handled through the usual credit channels to the advantage of both the borrower and ourselves.

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882 • Incorporated 1907

115 West Monroe Street, Chicago 90, Illinois

Telephone State 8200

Member Federal Deposit Insurance Corporation

SAFE DEPOSITORY LIABILITY INSURANCE

You Get
\$50,000

Protection against Liability imposed by law:

- | | |
|---|--|
| 1 — Mysterious Disappearance | 5 — Flood, tornado or other acts of Nature |
| 2 — Negligence or dishonesty of employees | 6 — Misplacement of box in wrong compartment |
| 3 — Burglary, Robbery, Theft | 7 — Improper or illegal entry by means of duplicate key or forged papers |
| 4 — Fraudulent, fictitious and erroneous claims | |

PLUS Legal defense in connection therewith

THE COST is only \$75, one year—\$187.50, three years

provided the total number of safe deposit boxes does not exceed 937.
A small additional premium is made for banks having more than this number of boxes.

THE FIDELITY AND CASUALTY COMPANY OF NEW YORK
80 Maiden Lane, New York 8, N. Y.

Gentlemen: We desire to purchase a Safe Depository Liability Policy
In amount of \$.....Term.....No. of Boxes.....
on premises

Name.....

Address.....

Name of Your Insurance Agent or Broker.....

Remove World Trade Barriers

A WORLD trade conference should be called as quickly as possible to speed the restoration of multilateral trade, said Winthrop W. Aldrich, chairman of the Chase National Bank, New York, and president of the International Chamber of Commerce, in an address to the American Chamber of Commerce in London.

Mr. Aldrich, in the British capital to preside at sessions of the International Chamber's council, told the Americans that the removal of trade barriers was essential to the removal of exchange controls and the stabilization of exchange rates. He urged that advantage be taken of "the unrivaled opportunity presented by the termination of hostilities to reestablish multilateral trade," asserting that "only through its reestablishment can world peace, the objective of the San Francisco Charter, be assured."

THE council, in its final declarations, endorsed the holding of a world economic conference "to lay the basis for the reduction or removal of trade barriers and trade restrictions of every character, which hinder the free flow of goods across frontiers and limit the use of natural resources."

The council also recommended that nations relinquish as soon as possible wartime restrictions and controls over production, transportation and travel.

"The success of a world trade conference will depend upon the willingness of nations to make mutual concessions," Mr. Aldrich asserted. "The topics which doubtless will figure on the agenda include the adjustment of tariffs, the role of state trading monopolies, export

Eugene P. Thomas, president, National Foreign Trade Association, and Mr. Aldrich



BRITISH COMBINE PHOTOS

Toward the Revival of Foreign Trade

More than 130 delegates from 26 countries attended the meeting of the International Chamber of Commerce in London in August. The American delegation was headed by Winthrop W. Aldrich, chairman of the Chase National Bank, and Chamber president, seated, center. Another member was W. L. Hemingway, seated, left, president, Mercantile-Commerce Bank & Trust Co., St. Louis. Others in the picture are A. R. Guinness, United Kingdom, left, and Shepard Morgan, advisor to the American delegation

subsidies, import prohibitions and quotas, preferences and discriminations, regional currency arrangements, and codes of fair conduct in the fields of taxation and international investment.

"Never will the world have a better opportunity than the present of ridding itself of those devices which in the past have hampered international trade and have been used as instruments of national warfare. Now is the time for action. Established patterns of costs and prices have been dissolved by the pressure of war. The whole world is short of goods and to restrict imports is the height of folly. The productive capacity of the world, when reconverted to the products of peace, can be fully utilized only if channels of international trade are opened and remain open. Only if trade is free can the goal of reasonably full employment be attained without recourse to such artificialities as continued government deficit financing, which ultimately leads to the socialization of the economy. . . .

THE expansion of world trade requires not only the elimination of tariff barriers and trade restrictions but also the early removal of wartime controls from domestic economic life. Unless such controls are removed at the earliest possible moment, they tend to become so firmly embedded in the economic life of a nation that their elimination be-

comes extremely difficult if not impossible. Only if such controls are removed will competitive forces be given full play and will national income rise to the level necessary to support a large volume of foreign trade. Public opinion in the United States is strongly opposed to the continuation of controls over the domestic economy longer than necessary. . . .

"The restoration of competitive forces, the essential basis of an expanding volume of foreign trade, involves more than the removal of wartime controls. It involves the elimination of those practices which, in time of peace, interfered with the free functioning of the price system. Among these were not only trade barriers and trade restrictions, but also monopolies and cartels, and arbitrary controls exercised over interest rates and the capital markets. Nations can all too easily drift into totalitarianism by permitting or promoting those practices which, in themselves, seem innocuous and perhaps even beneficial but which in cumulative effect destroy private enterprise.

"In the post-war world strong pressures will exist for the cartelization of industry and for international commodity agreements. These pressures must be resisted if we are to have an expanding world trade to which all nations will have access on an equal basis. These pressures must be resisted if we are to have maximum production."

\$200,000
or
\$100,000,000

Lasting solutions to the problems of reconversion, plant-rehabilitation, taxation, introduction of new products and expansion of plants and markets all must rest on a base of sound and adequate capital.

As one of the largest investment banking organizations in the country, The First Boston Corporation within the recent past, either alone or in association with others, has underwritten new corporate security issues ranging from \$200,000 to over \$100,000,000.

Obtaining capital for well-managed and growing American corporations—and designing sound capital structures to meet the competitive conditions that lie ahead—are primary functions of this nationwide organization.

A discussion with executives in our Boston, New York or other offices might prove most timely and involves no obligation.



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A Few Frank Questions

To the Editor:

THE New York State Superintendent of Banks, Elliott V. Bell, in a speech not long ago, warned the bankers and the other state banking departments against renewed pressure for additional bank charters and increasing interest in purchasing the control of existing banks. Mr. Bell seems to view these pressures as dangerous, a part of a speculative movement, something which should be resisted to the bitter end.

All of us who lived through the bitter banking crises of the early Thirties can

understand the viewpoint, a viewpoint which has become almost axiomatic and sacrosanct in the past decade. Few bankers would challenge it for they are human enough to like a position in which they are protected by government from competitive newcomers.

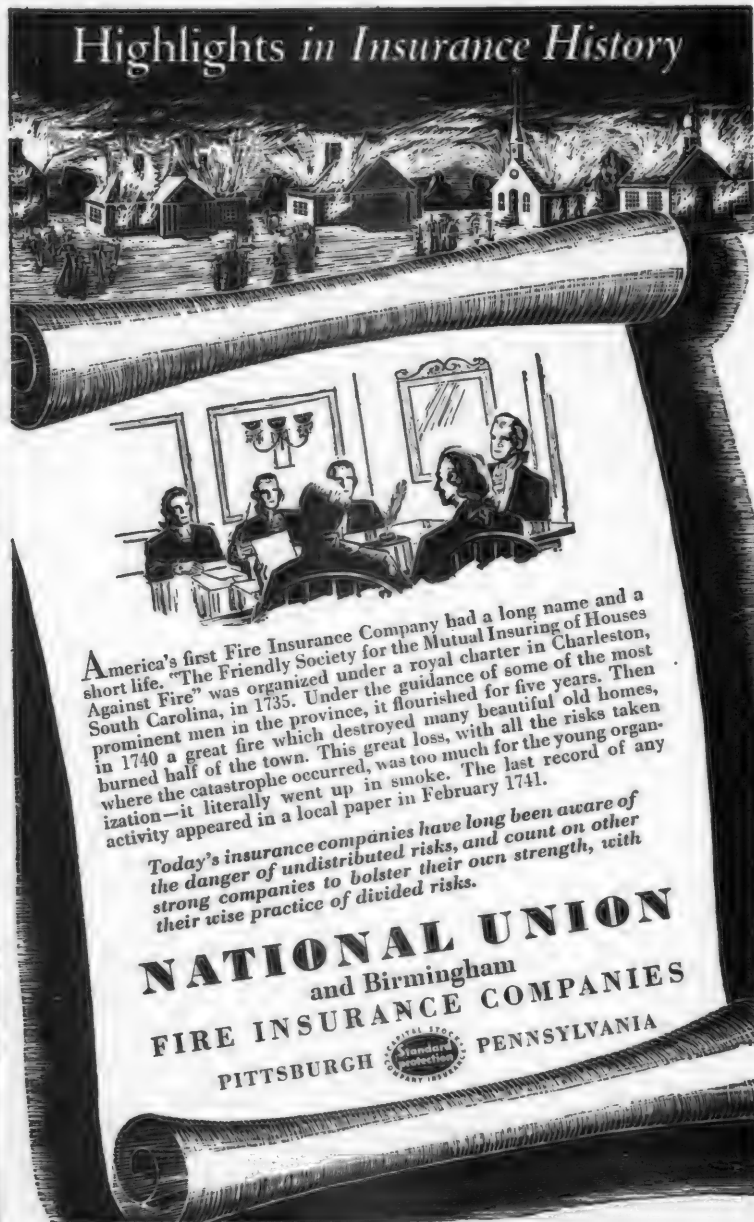
We are beginning to wonder if it is not high time for an examination of the true import of the thing and the asking of a few frank questions.

For example, how much has the great reduction in the number of banks and their political weight contributed to

the demand for and ease of government entry into the business? How many underbanked communities are a setup for the national finance and loan chains and the check cashing and coin exchanges? Does not the elimination of newcomers give the business more of the aspect of a public utility and make it ripe for government domination or seizure than the bankers would wish? Is not insurance of deposits adequate protection to the public without telling it that business must be done with institutions because of nothing better than their age, a sort of grandfather clause? Is it wise to create a fantastic value for bank charters themselves by creation of a monopoly? Is it commensurate with the American way of granting opportunity to all who can qualify?

We won't attempt to answer these, but it is high time that banking interests do weigh them.

RICHARD H. STOUT
President, Morris Plan
Bankers Association



Highlights in Insurance History


America's first Fire Insurance Company had a long name and a short life. "The Friendly Society for the Mutual Insuring of Houses Against Fire" was organized under a royal charter in Charleston, South Carolina, in 1735. Under the guidance of some of the most prominent men in the province, it flourished for five years. Then in 1740 a great fire which destroyed many beautiful old homes, burned half of the town. This great loss, with all the risks taken where the catastrophe occurred, was too much for the young organization—it literally went up in smoke. The last record of any activity appeared in a local paper in February 1741.

Today's insurance companies have long been aware of the danger of undistributed risks, and count on other strong companies to bolster their own strength, with their wise practice of divided risks.

NATIONAL UNION

and Birmingham

FIRE INSURANCE COMPANIES

PITTSBURGH  PENNSYLVANIA

Less Theory, More Practice

MORE experience and less theory on the part of radio and newspaper commentators and columnists is called for by *The State*, a weekly survey of North Carolina published in Raleigh.

In contrast with commentators who speak from a theoretical knowledge of their subjects, *The State* comments on a weekly radio program over WBIG in Greensboro, sponsored by the Security National Bank. N. S. Calhoun, president of the bank, speaks on this program and the editorial says that while "we're not sure about it, we'd be willing to bet that Mr. Calhoun is the only bank president in the country who speaks on his own program."

"Despite the fact that this is more or less of an innovation," the editorial continues, "the idea appeals to us strongly. Mr. Calhoun talks about inflation and what it means, business conditions in the Greensboro area, tax structure and other things of that nature. People listen to him with keen interest because they feel that here's a commentator who really knows what he is talking about.

"We'd like to see the idea grow."



Sturdy furniture made of paper will make more jobs.



Soft paper sheets for hospitals will take workers to produce.



Whole meals frozen and shipped in paper. More jobs here.



Long-lasting rugs, woven on paper. Still more jobs!

Postwar Jobs—Wrapped Up in Paper!

WITH VICTORY, servicemen and war workers alike are going to need peacetime jobs. How many there will be, no one can say. But this much is known:

Business management has long since laid plans to meet as quickly as possible the demand for goods that has mounted during the war — and doing this will make jobs by the thousands.

Consider what will happen in the paper industry. Not only will paper-board, for packing and shipping innumerable products, be needed by the thousands of tons, but new uses for paper—grown out of war discoveries—

will even further increase that demand.

Imagine plasticized paper, for example, so tough that roofing tiles can be made of it. Imagine it so sturdy that it can be built into light-weight furniture. Imagine paper so soft, yet so resistant to tearing, that sheets and pillow-cases for hospital use can be made of it.

These, and many other exciting new uses, will increase the demand for paper — and demand for goods makes jobs.

The paper industry is only one of many along the Chesapeake and Ohio, the Nickel Plate, and the Pere Marquette, that have planned carefully for postwar employment.

And now that Victory has been won, these industries and others throughout the country will put into operation their plans for the jobs and opportunities all of us want.

*A Report on the Prospects
for Postwar Employment
in the Industries Served by*

**Chesapeake & Ohio
Lines**

Cleveland

CHESAPEAKE AND OHIO RAILWAY
NICKEL PLATE ROAD
PERE MARQUETTE RAILWAY

THE SOURCE OF OUR STRENGTH



America, whose motto has ever been "In God we Trust" now lifts heart and mind in humble thanksgiving for the Divine Providence which spared our beloved land from devastation and aided us to win the Victory.

We are thankful also for the devotion and fortitude of all the brave men and women of the United Nations who so nobly fought, suffered and died, for the freedom of mankind. May we never be unworthy of their sacrifices or forgetful of the debt of honor and gratitude we owe them.



The Insurance Industry is proud of the major part it played in helping win the war. Fire and Casualty companies performed vital advisory functions to the Army, Navy and Coast Guard Departments in all matters relating to Fire and Accident Prevention.

Thousands of hours of expert counsel and inspection service were freely given by insurance engineers and local and special agents all over the country. The companies formed a National Bureau of Industrial Protection in Washington to counsel with the government on privately owned war production facilities.

As a result of this valuable cooperation by the insurance industry, astonishing results were achieved.

The National Conservation Bureau of the Casualty companies helped to develop the Army's "Manual of Selection and Training of Drivers" and planned pre-induction driver training in high schools, so that the army training period could be shortened. In

the Center for Safety Education at New York University, sponsored by the Casualty companies, more than 40 courses were conducted for Safety Officers in various branches of the Army.

It requires no stretch of the imagination to envision the tremendous source of strength these services were to our war effort—nor to realize their bearing on the preservation of our human resources and industrial facilities for postwar reconversion.

Insurance—Bulwark of Strength in War
stands strong as ever to guard America in Peace.

AMERICAN CENTRAL INSURANCE COMPANY
ORGANIZED 1893

THE CALIFORNIA INSURANCE COMPANY
ORGANIZED 1864

THE COMMERCIAL UNION FIRE INSURANCE CO.
ORGANIZED 1890

COLUMBIA CASUALTY COMPANY
ORGANIZED 1920

THE OCEAN ACCIDENT AND GUARANTEE CORP. LTD.
ORGANIZED 1871

THE PALATINE INSURANCE COMPANY LTD.
ORGANIZED 1886

THE BRITISH GENERAL INSURANCE CO. LTD.
ORGANIZED 1904

UNION ASSURANCE SOCIETY LTD.
ORGANIZED 1714



COMMERCIAL UNION ASSURANCE COMPANY LTD.
ORGANIZED 1861

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Earnings From Savings Deposits

A cost analysis covering savings departments in 50 representative commercial banks in all sections of the United States indicates a great variety of banking policies, systems, equipment, and general management in their operation, according to H. R. Templeton, president of the Savings Division of the American Bankers Association, who is also vice-president of The Cleveland Trust Company, Cleveland, Ohio.

Mr. Templeton was referring to a cost analysis made by the Committee on Savings Management and Operations, of which Fred F. Spellissy, vice-president of the Market Street National Bank, Philadelphia, Pennsylvania, is chairman. The survey was made to provide commercial banks having savings departments with information as to the ratio of interest earnings on savings compared with other deposits of the banks, the ratio of interest paid to deposits, the ratio of savings account expense to deposits, and the ratio of net profit-loss to deposits. Each bank was assigned a confidential number known only to its own officers, and the various ratios were tabulated and the information returned to the banks in order that the bank officers could compare their figures with other banks of comparable size and location.

The ratio of interest earnings to deposits ranges from 1.10 per cent to 3.34 per cent among the 50 banks. Approximately half of the banks had a higher ratio of interest earnings to deposits for their savings accounts than the median of approximately 1.79 per cent the country over. The indicated high operating efficiency and investment practices of the 10 banks with the highest interest earnings applied to banks of all sizes and location. Two of the banks were from towns of less than 10,000 population, two were from towns up to 50,000 population, three from cities up to 200,000, and three from cities up to 1,000,000 people.

The ratio of interest paid to deposits as among the 50 banks ranged from 0 to 1.84 per cent. The interest paid apparently has no relationship to the ratio of interest earnings. The bank showing the highest ratio of interest paid to deposits ranked No. 2 among the banks with the highest ratio of interest earnings. However, the third bank in the ratio of interest paid ranked No. 38 among the 50 banks on the table of the ratio of earnings. The ratio of interest paid to deposits was scattered through

all sizes of banks and the principal geographic areas of the United States. Two of the banks in the first 10 on the table of the interest paid on deposits were from cities of 1,000,000 or over.

Again, on a table of ratio of expense to deposits little relationship was shown

between the ratio of interest earnings and the ratio of interest paid. Ratio of expense to deposits among the 50 banks ranked from .18 per cent to 1.55 per cent. The bank with the ratio of .18 per cent ranked 27th as regards interest earned and 35th interest paid.

At the Anglo-American economic discussions in Washington, left to right, Leo T. Crowley, Foreign Economic Administration head; British Ambassador Halifax; Assistant Secretary of State Will Clayton; Lord John Maynard Keynes, economic adviser to the British Treasury; and Secretary of Commerce Wallace



HARRIS & EWING

When You Have Business In Detroit

Large banks and small, throughout the Nation, have first-hand evidence of the promptness and the dependability of Manufacturers National in handling collections, credit inquiries and all types of transit items.

You, too, are cordially invited to wire, telephone or write Manufacturers National when you have business in Detroit.

★ Buy Victory Bonds ★

MANUFACTURERS NATIONAL BANK
OF DETROIT

DETROIT
DEARBORN · HIGHLAND PARK

Member Federal Deposit Insurance Corporation

Wanted—Men under 40 to be trained for SALES MANAGERIAL OPPORTUNITIES

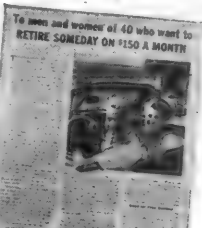
Our 94-Year Old Company is ready for further expansion. Since 1940, sales per man have doubled. And since our business has no reconversion problems, post-war expansion plans already are under way. This creates unusual opportunities for managerial positions on a growing sales staff.

The Men We Want should combine an aptitude for sales work with a capacity for managerial responsibilities. Previous experience, however, is not essential for we are equipped to train and develop such men (in four to five years) to head up our sales offices. Branch managers now holding similar positions earn salaries averaging in excess of \$10,000 a year.

Men most likely to be chosen have been college trained, are married, and are under age 40. They are ambitious to become business leaders in the communities they serve—men who today are doing less important work than they should be doing.

If you are a good organizer and have potential ability to teach and inspire others to be successful in sales work, you are invited to inquire about the possibilities of a profitable, lifetime career with the Phoenix Mutual. All replies kept confidential. Fill in the coupon and mail it today.

Typical advertisement from national magazine campaign



PHOENIX MUTUAL

LIFE INSURANCE COMPANY

Home Office: Hartford, Conn.

Established 1851

To D. Gordon Hunter, Vice President
Phoenix Mutual Life Insurance Company
637 Elm Street, Hartford 15, Conn.

I want to know more about the opportunity to become a branch manager with your organization.

Name _____

Age _____ Occupation _____

Address _____

City _____ State _____

The Grocer Introduced Him

(CONTINUED FROM PAGE 41)

Herman K—! He'd been introduced by the grocer, Louis Verdega. A good, steady man, Verdega. A short man, on the stocky side, K— was. Interested in buying out a novelty store, or something of that kind. Yes, they'd cashed the bonds for him all right—the small one on the strength of Verdega's introduction, and the fact that he must be all right because he had other bonds—\$1,000 bonds—with him. Later they'd cashed a couple of \$100 bonds for him, and still later a couple of thousands.

"But this home number he gave you—you didn't call it up? You didn't make any other inquiries about him?"

"It hardly seemed necessary, for a \$25 bond. Verdega's introduction was the important thing. When it came to the bigger bonds, later, I suppose we felt we knew him. I can't even remember O.K.'ing them. It would be natural for him to want more money to buy the store he was looking for."

THE agents went to the address Webber had been given. The landlady remembered Herman K—, who had stayed with her only a month, because he was short; she'd noticed his head had come just to the top of the third panel of the old paneled dining-room that had been converted into his bedroom.

The agents measured that distance: the top of the panel was just five feet, three inches, from the floor. They asked the landlady to come to Police Headquarters with them; she looked at pictures in a file labeled Known Forgers—White—5' 2"—5' 4". She quickly recognized the picture of her lodger—only instead of Herman K—the name on the back of it was: Joseph Federman, alias Jo Feinman, alias Martin Federman, alias Joe Federstein.

The genuine Herman K— recognized the picture, too: it was that of Martin Feinstein, one of his lodgers just down the hall from his own room when he'd had his stroke.

The police, keeping their eye on an old offender, knew where Federman was, and were able to pick him up at once. He readily told of seeing the old man carried out, and of at once ransacking his rooms and finding the bonds. Also of how he'd bamboozled the bank, through Louis Verdega.

"Only I never thought you'd pin it on me," he told the Secret Service. The search had taken less than 48 hours!

Get the help of this new aid to bankers —Photocopying!



With APÉCO PHOTOEXACT, quickly make error-proof copies of LETTERS, FINANCIAL STATEMENTS, VALUABLE PAPERS, CHECKS, GRAPHS, STOCK REPORTS, CLIPPINGS, AGREEMENTS (over 100 others)

Now, with this handy unit right in your bank, you can have plenty of copies of anything, whether written, typed, printed, drawn, or photographed—even if on both sides... permanent, error-proof photocopies—at amazingly low cost! APÉCO makes them at 1-a-minute speed—expedites work. No darkroom or technical knowledge needed—even a boy or girl can easily operate APÉCO.

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See how you can save time, money, labor, and assure accuracy with this most modern method of copying. APÉCO'S 20-page, fully illustrated book gives you the theory of Photocopying—shows graphically the "what" and "how" of this amazingly simple procedure. Yours without obligation. Write, today:

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A MESSAGE FOR MORTGAGE AND REAL ESTATE OFFICERS!

**WHAT WILL ITS
RESALE VALUE
BE IN 10 YEARS?**



Sure, it's a nice, little house and readily saleable in today's scarcity market.

But, what about eight or ten or twelve years from now? Will it still be considered up-to-date then? Will it still find a ready market or will prospective buyers pass it up because it doesn't have the things every home owner wants?

Things like smart looking ALWINTITE Aluminum Windows, for instance. These are the windows that cannot rot or rust, that never require paint

or costly upkeep, that are always easy to open or close, that have built-in weather stripping to keep out drafts and save fuel.

To give "extra" protection to your mortgage investment, insist that ALWINTITE Aluminum Windows are used in all the new homes you finance.

Get the full story on ALWINTITE Aluminum Windows today. Write for copies of our new, descriptive booklets, "A Better Sales Outlook" and "We're going to have Aluminum Windows."

THE ALUMINUM WINDOW CORPORATION

A subsidiary of General Bronze Corporation

34-27 Tenth Street, Long Island City 1, N. Y.

ALWINTITE

ALUMINUM WINDOWS



He's Your Partner In Tomorrow's Prosperity

● More than half the world today is underfed—many old-world farms have been bombed or burned, their livestock depleted and manpower reduced. If these wartorn countries had an abundance of modern, American farm machinery and knew how to use it, they could regain their self-sufficiency rapidly. But what little farm machinery they have is mostly antiquated and inefficient.

American farms have been bridging the gap and will continue to do so, with implements that do more and better work in less time, with less labor and at lower cost than ever before. We must keep our farms the best equipped in the world, and the banker will find it profitable to co-operate with the farmer and his implement dealer in obtaining the necessary implements.

Check the records with your local Massey-Harris dealer and see how well Massey-Harris implements pay off in production economics.

MASSEY-HARRIS

Tractors, Combines, Farm Implements

GENERAL OFFICES: RACINE, WIS.
FACTORIES: RACINE, WIS.; BATAVIA, N.Y.



Clipper
Combines

Grain
Drills

Consumer Credit Collection Service

PLANS to make available to member banks a nationwide collection program on consumer credit "skip" and delinquent accounts are being formulated by the A.B.A.'s Committee on Consumer Credit, according to Walter B. French, deputy manager in charge of the Association's Consumer Credit Department.

"With the increased activity in this type of lending in the post-war years," Mr. French said, "collection problems may increase considerably and 'skip' accounts may become numerous. With these thoughts in mind it is the committee's opinion that a nationwide collection system would materially reduce the losses involved in such accounts and by offering this service on a reciprocal basis, banks will eliminate what has been, up to now, a competitive disadvantage.

"This reciprocal collection service among the many thousands of banks engaged in consumer credit and installment loans will be of distinct benefit and should appeal to banks, business, industry, manufacturers, distributors, dealers, and others interested in consumer goods and services."

The A.B.A. plans to issue a consumer credit directory, which, among other important features, will set forth: (1) name and location of each bank engaged in some phase of consumer credit; (2) the types of consumer loans handled by each bank; (3) the extent to which each bank will accept items for collection; (4) specific data which should be included in transmitting a claim from one bank to another; and (5) statement of policy or understanding under which claims are referred to another bank.

A questionnaire has been sent to all member banks by the committee asking for detailed information on the types of consumer credit which the banks expect to offer and the extent to which they will cooperate in the committee's reciprocal collection plan.

Recently completed and ready for release by the committee is a manual entitled "Direct Automobile Financing of Purchasers and Owners," which includes discussion of operating procedure and forms used when this type of financing is undertaken. It also explains the new concept of bank and agent automobile plan which has created considerable interest in recent months. This plan was formulated by the National Association of Insurance Agents and several nationally-known insurance companies.



GET YOUR SHARE OF THE PEACE MARKETS

During the past few weeks it has become increasingly plain that American enterprise faces a tremendous job—and opportunity. We have known, of course, of the vast pent-up demand for goods for the domestic market and latest reports show previous estimates to have been conservative. Now, information from many parts of the world indicates foreign markets beyond expectations. To many corporations this situation calls for prompt and effective re-adjustment or new financing. This, in turn, calls for professional counsel and specialized experience. During the past 57 years Hornblower & Weeks has originated underwritings in many fields; aircraft, drug and chemical, electrical equipment, heavy steel, machine tool, railroad, retail store, automobile and many others.

It may be that we can be of assistance to you in raising necessary capital in order that you may take full advantage of these conditions. Feel free to call upon us. A Hornblower & Weeks Partner will be glad to consult with you in confidence and without obligation.

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New York 5, N. Y.

Since 1888—Financial Service
Adapted to Your Requirements

Offices:
New York; Boston; Chicago;
Cleveland; Philadelphia; Detroit;
Portland, Me.; Providence;
Baltimore; Bangor.

THE A.B.A. WORKS and PLANS

(CONTINUED FROM PAGE 66)

school and the Army Air Force school where counselors are trained in preparation for their work with the soldiers at the separation centers and overseas schools. Committee members and other bankers are appearing on a definite schedule at Army separation centers where they discuss with the counselors current developments in the operation of the loan provisions of the act and other financial services that banks are providing the veterans.

In an attempt to formulate a program under which all non-military agencies could cooperate in serving the veteran, the Surgeon General of the Army and the Secretary of War called a meeting of representatives of 13 national organizations in Washington three months ago. The chairman represented the Association and was made a member of a special committee appointed to study the problems involved in coordinating the activities of key groups working for the welfare of the veteran.

Committee on War Bond Drives—Tom K. Smith, president, The Boatmen's National Bank, St. Louis, Chairman (recently succeeded by Francis M. Knight, vice-president, Continental Illinois National Bank and Trust Company, Chicago, as Chairman)



THE Committee on War Bond Drives has spearheaded the activities of the nation's banks in the Fifth, Sixth, and Seventh War Loan drives. The effectiveness of the banks' selling program reached its peak during the recent Seventh War Loan.

The committee studied all of the successful sales ideas that had been used during the first four drives throughout the country and subsequently adopted the most successful of these ideas and grouped them together into a comprehensive selling program which was called "The American Bankers Association Plan of Action for Banks."

Wherever the complete program was adopted it proved very successful, and the results were outstanding. The plan as a whole or various component parts of the plan are in effect in every state.

In each of the drives the committee published a comprehensive booklet for distribution to all the banks in the United States.

The Graduate School of Banking—Raymond N. Ball, president, Lincoln-Rochester Trust Company, Rochester, New York, Chairman, Board of Regents

THE war has of course taken its toll of G. S. B. students, but the 1945 session was almost back to normal, with an enrolment of 574 men. Indications are that we shall find it difficult to admit all those who will make application for the 1946 session.

On the teaching staff of the school, which numbers about 45, are found bankers who are specialists in this particular field, government men, and doctors and professors from several universities and colleges.

The main activities of the Trust Research Department of The Graduate School of Banking during the period September 1, 1944 to August 31, 1945, included:

Publication in booklet form the "Second Series of Studies in Trust Business," consisting of 18 studies; publication bi-monthly of the first six of the "Third Series of Studies in Trust Business."

Delivery of lectures to seven law schools and addressing 11 miscellaneous groups; visiting 167 trust institutions in 17 states for individual and group interviews; series of 12 conferences, in each Federal Reserve District, with state and Federal bank supervisory authorities.

Through these channels, the director of the Trust Research Department has reached and discussed trust subjects with more than 2,500 people in the past year.

National Bank Division—R. Otis McClintock, president, First National Bank & Trust Company, Tulsa, Oklahoma, Chairman



THROUGH study, conferences, and a poll of representative bankers, opinions as to modifying the provisions of the Federal Reserve Act with respect to mortgage loans, began to crystallize. Some diversity of views was inevitable, but there was a generally shared feeling that modification is desirable.

The division is not yet in a position to submit a specific proposal regarding the amendment of the law governing mortgage loans by national banks. However, since the importance of the question is greater for the days ahead, when new building will be possible and will receive the impetus of a dammed up demand, it is something that our exploratory work can be passed on to those who will succeed us.

Savings Division—H. R. Templeton, vice-president, The Cleveland Trust Company, Chairman



A SURVEY by the division shows that savings and time deposits in commercial banks increased 25 per cent during 1944 from \$19.3 billion to \$24.2 billion; in mutual savings banks the increase was 14 per cent, from \$11.7 billion to \$13.3 billion. Deposits in postal savings increased 31 per cent and since 1941 they have increased nearly 80 per cent. Subscriptions to stock in savings and loan associations are estimated to have

increased in 1944 to 21 per cent. Both of these rates of increase are higher than the increase in time and savings deposits in banks.

A division of opinion existed with respect to whether, if banks now discourage savings by elimination of interest, or by restriction on amount, or by an attitude of indifference, they may find it difficult or impossible to build up savings accounts if they wish to do so in the future. The majority of opinion is that this will be difficult.

The majority opinion is that withdrawals from savings accounts will not be heavy in the post-war period. The majority of opinion is that the extension of coverage of the social security laws will not make it more difficult for banks to secure savings deposits.

The division, in cooperation with the Advertising Department, is developing advertising and publicity for mutual savings banks.

Widespread interest is shown in the analysis of the characteristics and behavior of savings accounts, and an original analysis has been made for several banks during the year.

Declining rates of return on investments have accentuated the problem of securing satisfactory outlets for savings funds at a rate of return that rewards the saver. These trends necessitate a continual refinement of our knowledge of the behavior of investments and of the principles underlying a successful investment policy. Discussions have been carried on with the National Bureau of Economic Research designed to secure tabulations of materials now in the hands of the bureau.

State Bank Division—W. W. McEachern, president, First National Bank, Ft. Lauderdale, Florida, Chairman



THE division is vitally interested in recodification of state banking laws and early this year sent a letter to all the members of the division urging that if their respective states have not revised their laws within recent years they give active support to this project.

The division is also interested in any legislation designed to strengthen the banking departments of the states, and we have urged our banks to support any such legislation that may be proposed.

We are urging our member banks to interest themselves in the election of well qualified individuals to legislative office, both state and Federal.

The State Bank Division has always worked for the maintenance of our system of state chartered banks and the preservation of the dual system of banking.

The officers of the division maintain a close and harmonious working relationship with the National Association of Supervisors of State Banks.

The division's fifth five-year survey of the status of state bank supervision was made in 1944, and the results were tabulated and the non-confidential parts published this Summer.

Trust Division—Frederick A. Carroll, vice-president, The National Shawmut Bank of Boston, Massachusetts, Chairman



THE Committee on Taxation has been active on several important matters, including further extension of time for release of powers of appointment, which was again extended to July 1, 1946; amendment of the Federal income tax law on employees' trusts, extending to June 30, 1945 and time within

which to qualify employees' trusts in existence before January 1, 1945; and a comprehensive tax study based on the historical background and the development of trusts, etc.

Our Committee on Employee's Trusts has had a very active year in this comparatively new field of trust service. . . . A joint report on this subject will be published this Fall.

The common trust fund movement is progressing at a steadily accelerating pace throughout the country. Three states adopted enabling acts in 1945, bringing the number of states having enabling legislation to 26. Regulation F has been amended and the limitation on investments in common trust funds has been increased to \$50,000, effective September 1.

As a guide to trust institutions in advertising of common trust funds, a statement of policy on the subject was formulated by the Committee on Common Trust Funds in cooperation with the Committee on Trust Information.

The Committee on Corporate Trust Activities is making a survey of the experience of trust institutions in administering corporate trusts under the Trust Indenture Act of 1939.

With one or two exceptions, generally satisfactory relations exist with the bar over the country.

The organization of life insurance and trust councils throughout the country is proceeding steadily and is productive of mutual understanding and education and increased business for members of both groups.

Several months ago, the division's Committee on Trust Information started a study to find out the most effective methods of cooperation between commercial banking officers, directors, and the trust department. It is now at work on a project designed to obtain nationally, and on a uniform basis, important probate court statistics from representative jurisdictions.

During 1945 a total of 14 measures recommended by the division was adopted by 27 states, with a total of 37 trust legislative enactments. In addition, 14 states provided for the probate of servicemen's wills, 14 enacted laws as to the administration of missing persons' estates, and 18 legalized acknowledgment of instruments before any commissioned officers of the armed forces.

We are also studying the probable effects on the trust business of unionization of employees, the small unprofitable trust department, the best means of handling small trusts, post-war public opinion surveys, and service to returning veterans.

American Institute of Banking Section—*William C. Way, trust officer, Central National Bank, Cleveland, President. (Report covers period June 1944 to June 1945. Mr. Way was succeeded by David T. Scott, assistant cashier, First National Bank of Boston, in June.)*



COMMENCING the year with a membership of 49,000, we gained 6,000 members for a total of 55,000. Our total enrolment for 1944-1945 was 26,000, an increase of 3,400 over the 22,600 enrolled in 1943-44.

Fifteen regional conferences for chapter officers and leaders were held throughout the country during July and August.

Last Fall the Institute inaugurated a study group promotional campaign, and approximately 100 new study groups were organized largely as a result of these efforts.

It is hoped that all Institute chapters will be approved as educational institutions under the GI Bill of Rights. In 10 states the department of education has already placed Institute chapters on the list of educational institutions approved for the training of veterans. We hope that a favorable decision will be obtained from the department of education in all other states.

The Job Instructor Training program was offered by many chapters this year. The Job Relations program was launched this year and wherever it has been presented and put into operation, it has been enthusiastically received.

The total number of women members of the Institute this year was 28,025, an increase of 4,500 over the preceding year. More important was the fact that we had 16,844 women enrolled in Institute classes, an increase of approximately 1,400 over last year.

State Association Section—*G. Harold Welch, vice-president and trust officer, The New Haven Bank N. B. A., New Haven, Connecticut, Chairman*



THE primary function of the section is to interpret rather than to originate banking projects of a national character.

I should like to mention briefly the work of two section committees. The Committee on Service for War Veterans and our Committee on Treasury Financing, in cooperation with the A.B.A. committees, did noteworthy service in keeping the state associations informed about these extremely important activities and in giving them suggestions for successfully carrying out the programs which had been developed.

Last Fall the program of the Association's Post-War Small Business Credit Commission was successfully launched throughout the country by a series of regional meetings held in cooperation with the state associations.

A.B.A. Committee on Consumer Credit suggested

that state secretaries get in touch with other state trade associations whose members are interested in the sale and distribution of durable goods or consumer services. Meetings with these groups have brought about better relations with the industries involved and also develop definite plans for the financing of consumer products.

Advertising Department—*John B. Mack, Jr., Manager*



THE Advertising Department furnished advertising material during the year to more than 7,000 banks. Two thousand banks are now on an annual subscription basis, receiving newspaper advertising and poster displays regularly each month. Five thousand other banks order material on per item basis. So far as is

known, no other agency or organization, in any field, even approaches the scope of the A.B.A.'s advertising subscription service to members.

During the year, the department filled nearly 30,000 separate orders from banks in every state. It created and produced 358 newspaper advertisements, 42 newspaper displays and 25 direct mail items; 65,500 ready-to-use newspaper mats, 16,800 display posters, and 5,955,000 copies of direct mail pieces were supplied to banks for local use.

Research in Mortgage and Real Estate Finance Department—*Ernest M. Fisher, Director*



THE accumulated demand for new construction and the great amounts of capital available for investment indicate intense competition for mortgages in the post-war period. Banks need to be alert to meet competition and at the same time to avoid the unsound lending practices to which competi-

tion may easily lead.

One sign of danger ahead is the present tendency toward inflated appraisals. Other post-war problems will have to do with the changing patterns of cities, the development and acceptance of new techniques in design and construction, economic and social forces affecting the concept of home ownership, and government activities in the field of housing.

In addition to keeping in touch with government agencies concerned with housing and real estate, the director of the department continued during the year to act as a consultant to Senator Taft's Subcommittee on Housing and Urban Redevelopment, which recently published its report.

Work has been started on preparation of a "Home Mortgage Servicing Manual." A brochure on "Mortgage Loan Advances During Construction" was completed during the year and is now in publication. . . . At the request of the American Institute of Banking its textbook on "Home Mortgage Lending" was revised.

Country Bank Cost Analysis

INVITATIONS have been sent to more than 12,000 commercial banks to participate in the second nationwide cost analysis program by the Commission on Country Bank Operations of the American Bankers Association. This year commercial banks with resources of \$7,500,000 or less will be eligible to receive the service without any cost to them, according to K. J. McDonald,

chairman of the commission and president, Iowa Trust and Savings Bank, Estherville, Iowa.

The first cost analysis was confined to banks with resources of less than \$5,000,000. They will soon receive a summary showing how their own costs of fundamental transactions compare with those in banks of similar size in the same territory.

"Under operating conditions that will prevail in the post-war period," Mr. McDonald said, "it is vital that every country bank know its costs of doing business. In this way only can you plug leaks, reduce unnecessary expenses, develop services that are profitable, make proper charges, and provide a base upon which you and your directors can build the policies of your institution. No country bank can afford to miss this opportunity.

"We think we have clarified our instructions and simplified the forms. Too, we have discovered short cuts in processing the returns which will result in a speedier reporting system.

"This cost analysis plan has been designed for country bank use. Unlike all other plans we have studied, it recognizes the nature of country bank operations—that the officers and the staff perform many different duties; that it is not unusual to see an officer receive deposits, occasionally keep books, and frequently sit down and pound out his own letters. Its success is due in no small part to the fact that it was built by country bankers for country bankers.

"While the plan was applied nationally for the first time this year by the A.B.A. Country Bank Operations Commission, it has been used in several states by hundreds of banks for more than three years. It has been tested and re-tested and has earned the commendation and approval of recognized experts in the field of bank operations."

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• IT MEANS a super-comfortable bedroom, a telephone offering any courtesy at arm's reach, the Capital City's most important buildings near-by, and meals in the ease-enjoyment-and-appetite-enticing

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Universal, E-Z, Robinsonian, Star, Simplex, PDC, IXL, Standard and others. Order direct from largest publisher and supplier of banking interest tables.

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AIR - CONDITIONED

METAL CARD CABINETS

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Ideal for Banks and Offices. Constructed of Best Grade cold rolled furniture STEEL, electrically welded throughout. Rubber feet are provided, but can easily be removed when cabinets are stacked in units by inserting hook in back slot and tongue in front of bottom cabinet. With locks, \$1.75 extra per drawer.



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| Card Size | Capacity | Price |
|------------|------------|--------|
| C335 3 x 5 | 1500 cards | \$2.95 |
| C346 4 x 6 | 1500 cards | 3.75 |
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|-------------|------------|--------|
| C3352 3 x 5 | 3000 cards | \$5.50 |
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Drawers are equipped with ball suspension to prevent accidental withdrawal from cabinet. Also newly improved positive lock compressor to keep cards in place. Solid brass card holder. COLOR: Rich Olive Green Finish.

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These bands are made of a High Grade synthetic rubber.

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|----------------------|----------------|
| 1 to 4 pounds..... | \$1.10 per lb. |
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A DELAWARE BANKER WRITES:

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"We analyzed 145 ThriftyCheck accounts, taken at random from our full list of 8,423 . . . This showed that in this short list only, we had 14 personal, mortgage and regular loans . . . 32 savings accounts and four safe deposit boxes.

"We consider that the names of our 8,423 ThriftyCheck depositors are A1 prospects for developing automobile loans, personal loans and appliance loans.

"It should constitute the finest mailing list possible. They are in general persons of moderate circumstances, who should be the best prospects for installment purchases."

. . .

This is evidence direct from banks that ThriftyCheck service surely creates customers of substantial character for other departments!

We will gladly send further information about the value of the ThriftyCheck plan in developing new business for banks.

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Telephone REctor 2-7580

Out-Servicing Government Competition

(CONTINUED FROM PAGE 68)

We should recognize this bill as only the first step, [he said]. You must revamp the machine right down the line. Neither private credit nor cooperative credit can survive an economy dominated by social credit, nor can private credit survive in competition with cooperative credit which is subsidized with government funds.

In my testimony before the committee we proposed an amendment which would keep the administration of direct government lending separate from the administration of cooperative lending, limiting the direct government loans to farmers unable to qualify for cooperative or other private agricultural credit.

It appears to us, [I also stated], that the cooperative lending institutions cannot become producer-owned and producer-controlled until their operations are on a sound and profitable basis. . . . The capital furnished by the Government is more in the nature of a loan and as such the cost of its use should be borne by these institutions through the payment of reasonable dividends or interest.

ALTHOUGH the details have not yet been fitted in the outlines of the eventual pattern of the Government, agricultural lending are discernible enough. We may reasonably predict that it will be a comprehensible permanent system of agricultural credit by (1) governmental supervision of cooperative long and short-term agencies, and we hope without governmental subsidies, and (2) direct governmental socialized credit, which we also hope will be so restricted that it will not be competitive with private credit. We must work, as well as hope, in order to remedy as many of the evils as possible.

We in country banks will have to recognize the competition of cooperative credit agencies when they do put their houses in order and operate without government subsidy. We must be realistic and shape our loaning activities to a better, more aggressive service than the cooperative credit agencies offer to the farmers of America.

oooooooooooooooooooooooooooo

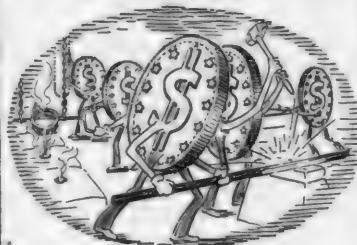
A false alarm may cost a city fire department \$100. In politics or business one costs even more.

When everybody is educated for a white collar job, who will wash the white collars?

Convictions are what an employee has after he knows what the boss thinks.

Mud thrown is ground lost.

Your CUSTOMER'S INVENTORY
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Your Depositor's DOLLARS

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*Member: New York Clearing House
Association, Federal Deposit Insurance
Corporation*

Art-Conditioned Banks

(CONTINUED FROM PAGE 53)

be found, and the final result assured by consulting a service in New York City organized for that very purpose. There, without prejudice or embarrassment, a prospect may study the styles of work of 50 or more leading contemporary artists, discuss prices and the desired medium. Whether the portrait is to be in oil, watercolor, crayon or pastel, it should please the subject and be appropriate for its future home.

Good portraits merit attention and are doubly precious when they tell the story of the progress of an institution or the leaders of a state. The portraits of illustrious Georgians hang in the lobby of the Trust Company of Georgia in Atlanta. In the collection is one of Mrs. Rebecca L. Felton, the first woman in the United States to serve as a Senator; and nearby is the portrait of the Indian Chief Tomochichi, likewise renowned in the annals of Georgia. In the lobby of the First National Bank of Atlanta is an impressive array of portraits of each president since 1865.

AN interest in one kind of art frequently leads to another. The New York Clearing House, which has quietly acquired nearly 40 portraits of former presidents and managers, received a unique gift. It was an original Houlton tankard which had been presented in 1696 by the Bank of England to its first governor, Sir John Houlton, Lord Mayor of London. In 1924 it was presented to the Historical Museum of the bank. A copy made for the clearinghouse as a memento of appreciation is one of its prize possessions.

An historical museum in a British bank celebrating its 250th anniversary is not as surprising as one on our own West Coast, yet the Wells Fargo Company has achieved a museum of rare items to commemorate the days of the gold rush. Its permanent collection of the Old West is a constant reminder to all visitors of

the participation of the bank in pioneer development. The collection includes early western pistols and revolvers, mining equipment, treasure boxes, stage coach hold-up relics, coins, stamps, gold weighing scales, maps, and a stage coach itself. Vividly the items recall the period from 1848 when gold was discovered, through 1869 when our country was linked together by a transcontinental railroad. The exhibit was loaned to the Golden Gate International Exposition and to Treasure Island where it was seen by more than 2,000,000 fair visitors.

The foresight and perserverance of Wells Fargo in picturing the past is acknowledged daily by natives and visitors who receive a permanent and favorable reaction to the bank. They identify the bank with the early history of the state; they say it grew up with the community and that is good.

To special historical museums come artists, students, visitors, old residents and research workers for data they cannot find elsewhere. Banks unable to acquire permanent exhibitions of art or items of peculiar interest to their customers often borrow from other banks and many free loan exhibitions are available. The unique collection of coins and currency at the Chase National Bank in New York is unsurpassed in size and variety of domestic and foreign monies. From South Dakota to Florida bankers borrow traveling exhibits of money for anniversaries, bank openings, or lobby and window displays. They want samples of barter, confederate, state bank notes, old documents, emergency currency (script), ancient or invasion monies and coins commemorating women.

Museums, eager to find suitable places for their traveling exhibits, offer items especially pertinent, including objets d'art, paintings, handicrafts, ancient art and contemporary work. From colonial kitchenware to modernistic landscapes



The Provident Trust Company of Philadelphia recently acquired "The Sower," a Millet masterpiece, from which the bank evolved its trademark some 20 years ago. *Left, W. Logan MacCoy, Provident president, and J. Stodgell Stokes, director of the Philadelphia Museum of Art*



The Wells Fargo Bank's "department of the past," above, is a veritable hall of memories drawn from the days of gold and the saga of the early West

may seem a far cry, but either will command interest and attention. It takes little imagination or workmanship to use these exhibits. Panels of pictures of actors and clowns by famous artists including Daumier and Degas are appropriate when the circus comes to town. Modern jewelry exhibits are a year round appeal. Manuscripts from books of the 14th-16th centuries, wood carving and costume exhibits arouse interest in the erudite, the craftsman and the club woman, but are not limited to them.

Established artists, schools for students and amateurs are always eager to display their works. The Bank for Savings in New York City provided the facilities for an exhibition of the art work of students in a high school.

THE State Street Trust of Boston, one of the first banks to acquire memorabilia, has a building of distinction. A reproduction of a colonial type of counting house of 1800, it recalls an early Boston with features of relics of the sea-going days, its original or reproduced furniture of the late 17th Century; and a collection of more than 200 water colors and prints of the territory is rivaled by a collection of aviation items.

From financial statements to salesmanship blotters the judicious use of art attracts attention. The First National Bank of Boston inaugurated a series of blotters with historic scenes so popular that it receives requests from around the world for samples. Teachers use them in class work, executives frame them for offices and they have become collectors' pieces. Meanwhile, the original art work hanging in the bank rouses continuous interest.

There is art in banking. Whether it grows out of the accident of a name and an association, or is stimulated for the canny purpose of creating goodwill, art is a natural in banking circles. Local, county, state and national museums offer help. Why not ask for some?

Where to Get Exhibits

(CONTINUED FROM PAGE 53)

and 82nd Street, New York 28, N. Y. Lending collections. Lantern slides, color prints, pictures, paintings, objects for loan. 6 Covarrubias maps of the Pacific area. 24 maps of various parts of the world. Originals and facsimiles of etchings and engravings, lithographs, etc. Black and white small picture sets. Color prints, lantern slides.

PHILADELPHIA MUSEUM OF ART, Parkway and 26th Street, Philadelphia 30, Pa. 13 educational exhibits such as: "Design This Day"; "An American Sculptor at

Work"; "Pictures by Mexican Children"; "Photography Is An Art." Circular on request.

SPRINGFIELD MUSEUM OF FINE ARTS, 49 Chestnut Street, Springfield 5, Massachusetts. 6 exhibits—architecture and contemporary American oils.

WESTERN ASSOCIATION OF ART, Seattle Art Museum, Volunteer Park, Seattle 2, Washington. 40 exhibits, including Alaskan-Eskimo, Balinese, Indian, Latin-American, Mexican and Oriental artwork in various media. Circular on request.

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235 Montgomery Street

Will "Nationalizing" Change the Bank of England?

(CONTINUED FROM PAGE 42)

It may surprise readers to learn that the majority of English people, except bankers, monetary students and those interested in economics, if they thought about the matter at all, imagined that the bank was a government institution and had no idea that it was a privately owned company.

Supporters of nationalization contend that as the bank is the instrument by which government monetary policy is carried out, it is essential that power

should be taken to ensure that government requests will be implemented without question. Nationalizers say they merely propose to give legal status to what already exists in actual practice.

What is perhaps not always fully realized is that the bank as a private entity not only acts as agent for the Government, but also fills the role of financial adviser. By virtue of the fact that it is the pivot round which our monetary system revolves, the bank is

in a special position to judge financial movements and proffer reasoned advice. Would the same opportunities for formulating and presenting helpful guidance exist under nationalization and would the advice be as free and impartial if the tenderers thereof were legally constituted public servants. The bureaucrat is always loath to make any pronouncement which involves responsibility and generally prefers to "pass the buck."

At the time of writing no details are available regarding what changes in the actual constitution or control of the bank are contemplated. Probably the bank court of directors, as such, would cease to exist, and a new body in the form of an advisory panel, including representatives of organized labor, would be set up. It is hardly conceivable that any change would be made in the managerial and working staffs who of course have the necessary technical knowledge and skill.

THE only statement made on the question of compensation for stockholders is that there is to be no confiscation and that payment will be fair and reasonable. That considerable nervousness was felt on this score is reflected in the quoted prices for the stock on the London Exchange. The stock, which is in \$400 units, stood at \$1,530 on the day before the election and gradually fell to \$1,428 by August 1, but later recovered to \$1,500.

With an issued capital of \$58,212,000 the current market valuation is round about \$218 million. How the words fair and reasonable will be interpreted one cannot say, but it is not considered that holders will suffer any capital loss. It is anticipated that payment will be made in some form of government security.

The normal yearly dividend is 12 per cent, which, with the stock standing at \$1,500 for a \$400 unit, gives a yield of some 3.2 per cent. Should the stockholders be given government securities to the equivalent market value of their holdings and the security offered carry interest at 3 per cent, then no capital loss is suffered, and the reduction in the holder's income is but one-fifth of 1 per cent. If, however, it is desired to give in exchange securities that will provide the same income to the stockholder, then he will have a small capital profit, as he would receive securities worth \$1,600; that is, a capital gain of \$100.

It is not easy to sum up the position



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in Atlanta**

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ATLANTA • GEORGIA



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This broad experience is at the service of your customers and your bank.

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HEAD OFFICE
BETH AND SPRING STREETS

**CITIZENS
NATIONAL BANK**
TRUST & SAVINGS OF LOS ANGELES

or to make any comments on future probabilities. Apparently the intention is to restrict banking nationalization to the bank itself and leave the joint stock banks in private ownership. The continuance of the cheap money program is also taken for granted. It is known that certain labor quarters are interested in the control over the direction of advances, taking the view that finance should not be provided by the banks for projects which are not communally beneficial. This theory opens up a vast field, but for some years yet to come there is small prospect of any legislation in this direction. The existing physical controls which will have to be maintained during the transitional period are more than adequate for the purpose.

If properly carried out nationalization of the bank can do little real harm to the country's finances, but, in view of the somewhat unique position already held by the bank, it would also appear that the advantages are not of much consequence. If the bank is enabled to carry out its admittedly difficult and highly specialized work with greater ease and increased efficiency then nationalization can be justified. If not it is better to let well enough alone. To quote the words of a past British Prime Minister, we must "wait and see."

"Technical Knowledge and Patience . . ."

(CONTINUED FROM PAGE 43)

famous monthly meetings of the directors of the Bank for International Settlements at Basle, at which Norman, the late Leon Fraser, Schacht and other

Ira Mosher, president of the National Association of Manufacturers, appearing before the Senate Banking and Currency Committee, endorsed "the objective of full employment" but said the Administration's proposal was not the way to attain it. He offered a substitute



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October 1945

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MODEL No. 41T—(Electric)

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MODEL No. 2X—(Hand operated)

Adjustable for pennies, nickels, dimes, quarters or halves. Can be set to lock automatically when 20, 25, 30, 40 or 50 coins have been counted or will count indefinitely into a bag. An operator can count and package 400 coins a minute or count 2000 coins into a bag. Register can be reset to zero.

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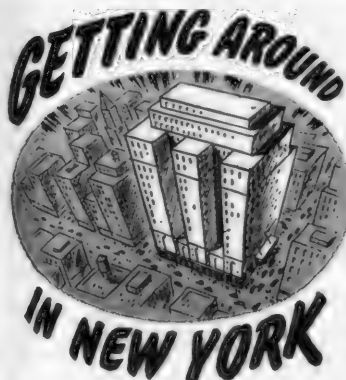
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C. N. Hilton, President

DIRECT ENTRANCE TO GRAND CENTRAL TERMINAL



General Bradley

(CONTINUED FROM PAGE 83)

happen. The Veterans Administration could be embarrassed. He, as Administrator, could be embarrassed and his work could be made more difficult. Then he added in a lower voice than he customarily uses that if the Congressman chose to follow-through with such a program, he would resign from the post that President Truman had asked him to accept. And he added, that when he resigned, he would tell the veterans just why he had resigned!

Such an experience is not new in Washington life. Heads of other government agencies have had similar experiences. Some have met them by acquiescence and some by transferring the criticized employee to other parts of the country, away from the wrath of a particular Congressman. Civil Service rules offer protection only to the extent that they are respected by top officials.

Naturally there are few Congressmen who would go so far in attempting to influence General Bradley. But, while the experience was unpleasant and disturbing for the general, it is highly illuminative of the task confronting him.

HE HAS Congressmen who must be pleased. He also has battle-shocked veterans who find hospitals unhappy places in which to recover.

A red-faced man hobbled across a busy street. He had a shoe in his hand. The other shoe was on his foot. The shoeless foot was in a bandage. Across the street was a veterans hospital. He had just left it. He asked the newsman for car fare. The newsman was curious.

The man was a veteran. He said he wanted a dime to take the street car so that he could go down to see General Bradley. He had served under the General in France and the General would see that he had the attention he deserved. The hospital? He didn't like it. They didn't treat him right. He walked out.

The hobbling veteran sat down on the curb to put on the shoe over the bandage so he could walk better. Then, with his acquired dime, he was off to see General Bradley, who would smooth out all his troubles.

Between the occasionally unreasonable member of Congress wanting favors, and the occasional battle-scarred veteran wanting favors, General Bradley is endeavoring to be a good public servant. He has the sort of problems with which some bankers contend, as they seek to satisfy their directors, bank examiners, depositors and borrowers.

Perhaps Bradley has a tougher job!

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L. H. LINDEMAN

August 8, 1945

Treasurer

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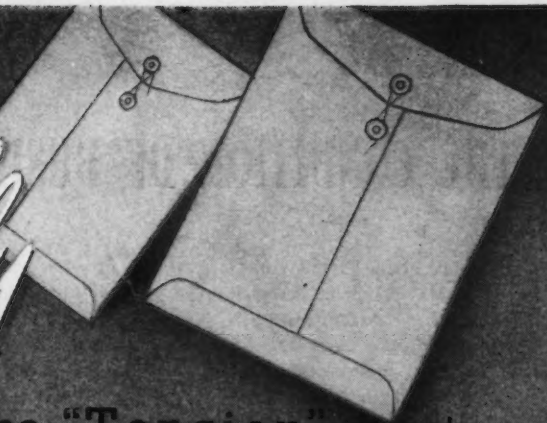
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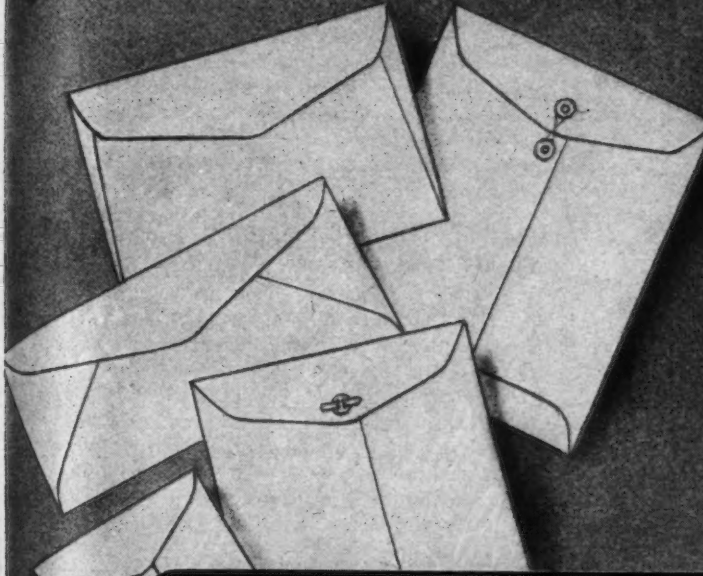


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THE CONDITION OF BUSINESS

By WILLIAM R. KUHN

THE OUTLOOK. The cumulative effect of large scale war contract cancellations is naturally severe but the demand for peacetime goods should be great enough to catch business on first bounce. The gap of several years in normal civilian production, coupled with a backlog of spendable savings exceeding \$150,000,000,000, is a combination that means business.

Strikes, lockouts, rising unemployment and less serious irritations will make the going rough for the next few months but business will certainly feel the urge of a huge demand supported by funds in liquid form.

1946

Therefore what seems to be more important than the immediate outlook concerns business in 1946 when the first "must" buying is over and so is Christmas, and business will be praying for a healthy rising demand.

There is no single, certain answer, of course, but to a large extent the master key will still be advertising and selling, and preservation of the all-American freedom to want and get better products, materials and models.

Recently a writer in the *Saturday Evening Post* tried to explain why Americans are optimists and Europeans pessimists. One reason which he did not mention was our vast amount of optimistic advertising.

Also very helpful would be more organization and teamwork by business in answer to the great amount of organizing that is going on by those who have various brands of socialism for sale.

Peace But Not Much

Meanwhile, business looks out over a happy post-war vista of peace and tranquility broken only by every sort of trouble imaginable. The question whether to fear inflation or deflation, for example, is just one of the little ones. A noted economist in government service was asked which of the two to expect and he said both, if that is any help.

Some are anxious lest we have a repetition of the days and daze after World War I when prices, after a demure hesitation, simply went to town. Others are anxious for the opposite reason. Those faced by rising labor costs and controlled prices are simply anxious.

More Light

The chance for advertising to do a job of public education as well as merchandising is more compelling than ever. The public to be educated includes business itself. Logically the instrument used to sell goods should be the best instrument to sell facts about how the goods are made and why.

But, to get back to the vista, here are a few more problems which are never going to be straightened out until they are better understood.

It might even be possible to promote straight thinking on the main issue of the post-war era, namely, how to mix free enterprise and planned economics. So far there is no evidence that our attempts to mix the two will be successful. Perhaps we have not found the right combination, assuming there is one.

It will be interesting to keep an eye on our old friend Britain who is going to try a little national socialism in a cautious way, unlike the all-out technique of Russia and Germany. Certainly Britain will be inclined to keep an inquisitive eye on us to discover whence springs our initiative and great expectations.

Those who believe in a maximum of planning and those who believe in a minimum both point with pride to the record of war production in the United States. The planners feel they have quite an argument in the fact that our great record was made under the spur of unlimited governmental direction and the same method might as well be used in peace. The argument is flawless except that peace and war are completely different and compulsions readily accepted in war would require concentration camps in peacetime.

There is the conflict between property rights and strikers' rights and the question who should run a business, the men who own the buildings and equipment or those who claim to own the employees.

One idea that seems to possess a fatal fascination is that the way to a higher standard of living is less work, less production and more pay. Another atrocity against nature and logic is the twist that businesses are operated primarily for the purpose of providing jobs and incidentally for profit.

A thought that needs advertising is that business must cooperate with the Government in its efforts to find a solution for unemployment. It cannot go back to the classic idea that unemployment is just one of those things and nothing can be done about it except to let the Government or charity take care of the situation.

Another thing that could stand clearing up is our objective in the occupation of Germany and Japan. As long as we have no abiding purpose the situation will have a disturbing economic effect. There is no shortage of purposes but, in fact, too many of them and we seem to be proceeding vigorously in the dark without checking on the exits.

In the foreign trade field much of our thinking and planning is based on belief in a sort of miracle whereby we sell a typewriter abroad, furnish the buyer with the money to pay for it, thereby creating employment here. One new adaptation of an old pattern developing in foreign trade seems to have some promise for useful development. We furnish materials and technical skill for the construction of plants abroad and participate in the management.

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